

IN THE COURT OF THE TRANSPORT TRIBUNAL

TRANSPORT ACT, 1947—PART V

IN THE MATTER OF THE APPLICATION OF THE
BRITISH TRANSPORT COMMISSION (1953 No. 134)TO CONFIRM THE
BRITISH TRANSPORT COMMISSION
(PASSENGER) CHARGES
SCHEME, 1953

WEDNESDAY, 15TH APRIL, 1953

EIGHTEENTH DAY

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PROCEEDINGS OF THE TRANSPORT TRIBUNAL

WEDNESDAY, 15th APRIL, 1953

PRESENT:

HUBERT HULL, Esq., C.B.E, (President)

A. E. SEWELL, Esq.

J. C. POOLE, Esq., C.B.E., M.C.

Mr. HAROLD I. WILLIS, Q.C., Mr. E. S. FAY, and Mr. KENNETH POTTER (instructed by Mr. M. H. B. Gilmour, Chief Legal Adviser to the British Transport Commission) appeared on behalf of the British Transport Commission.

Mr. H. V. LLOYD-JONES, Q.C., Mr. LEON MACLAREN, and Mr. GEORGE MERCER (instructed by Mr. J. G. Barr) appeared on behalf of the London County Council.

Mr. GEOFFREY LAWRENCE, Q.C., Mr. J. RAMSAY WILLIS and Mr. CHRISTOPHER HODSON and Mr. W. J. GLOVER (instructed by Sir Clifford Radcliffe, C.B.E., Solicitor and Clerk to the Middlesex County Council) appeared on behalf of the following County Councils: Middlesex, Berkshire, Buckinghamshire, East Sussex, Essex, Hertfordshire, Kent and Surrey.

Sir SHIRLEY WORTHINGTON-EVANS (instructed by Mr. Desmond Heap, Comptroller and City Solicitor) appeared on behalf of the Corporation of London.

Mr. J. RAMSAY WILLIS and Mr. W. J. GLOVER (instructed by Mr. W. O. Dodd, Deputy Town Clerk) appeared on behalf of Brighton Corporation.

Mr. LEON MACLAREN (instructed by Messrs. Blatchfords) appeared on behalf of the London Printing and Kindred Trades Federation.

Mr. G. R. ROUGIER (instructed by Mr. Archibald Glen, Town Clerk) appeared on behalf of Southend-on-Sea Corporation.

Mr. G. R. ROUGIER appeared on behalf of County Borough of Southend-on-Sea Railway Travellers' Association.

Mr. D. J. TURNER-SAMUELS (instructed by Mr. W. H. Thompson) appeared on behalf of London Trades Council.

Mr. GEOFFREY RIPPON (instructed by Mr. R. H. Buckley, Town Clerk) appeared on behalf of East Ham County Borough Council.

Mr. GEOFFREY RIPPON (instructed by Mr. G. E. Smith, Town Clerk) appeared on behalf of West Ham County Borough Council.

Mr. GEOFFREY RIPPON (instructed by Mr. G. E. Smith, Town Clerk) appeared on behalf of South-West Essex Traffic Advisory Committee.

Mr. C. OSMOND TURNER (instructed by Messrs. Carpenter, Wilson & Smith) appeared on behalf of London Passengers' Association.

Mr. GERALD W. REYNOLDS represented London Federation of Trades Councils.

Miss DOROTHY D. FORSTER represented the Walthamstow Trades Council.

Mr. J. W. SYKES represented Edmonton Trades Council.

Mr. F. A. RULER represented the Federation of Residents' Associations in the County of Kent.

Mr. H. S. VIAN-SMITH represented The Association of British Chambers of Commerce.

Miss H. C. HART represented The National Association of Women Civil Servants.

Mr. N. J. LEWISOHN represented Whyteleaf & Kenley Residents' Association.

Mr. C. M. HAMILTON represented The Accountant-General's Department, Civil Service Clerical Association (Bickley Branch).

Mr. HYMAN FRANKEL represented The National Union of Bank Employees.

Mr. J. F. FLEYDELL represented Pitsea, Vange & District Resident Ratepayers' Association.

Mr. STANLEY MAYNE represented the Institution of Professional Civil Servants.

Mr. D. KELLY represented the South Essex Branch of the Communist Party.

Mr. J. E. MORRISH represented the Post Office Engineering Union.

Mr. J. REID represented the London North and London South District Committees of the Amalgamated Engineering Union.

Mr. ALEXANDER HALLIDAY represented the North London District of the Amalgamated Union of Operative Bakers, Confectioners and Allied Workers.

Mr. D. J. D. WELLUM represented the Benfleet & District Railway Travellers' Association.

Mr. S. M. NEUFELD represented the Students' Council, the Polytechnic, Regent Street.

Mr. J. MOSS represented the National Union of Furniture Trade Operatives (London District Committee).

Mrs. E. A. HUNT represented the Association of Scientific Workers (London Area Committee).

(President): Before you go on, Mr. Lawrence, it may be convenient to those who have to look so far forward to know when we propose to sit next week. We shall sit on Monday. We cannot have the use of this hall for the afternoon and, therefore, we shall rise at 1 p.m. We shall sit on Tuesday, Wednesday and Thursday at the

normal time. We shall sit on Friday, but we have to hear a Road Haulage Appeal in another place in that morning; so far as is possible to predict the course of any legal proceedings, it looks as if it will not occupy more than an hour, so on Friday we shall sit at 12 o'clock until the normal hour.

Mr. STANLEY WILLIAM HILL recalled.

Re-examination by Mr. GEOFFREY LAWRENCE continued.

6359. Mr. Hill, before I take up the topic on which I was about to ask you some questions yesterday when the Court rose, may I just ask you one further matter which, I think, arises out of your last table, 122?—Yes.

6360. You will remember that it was put to you upon that, that if you allocated the share of central charges to each of the constituent activities by the ratio of their fixed assets to the fixed assets of the Commission as a

whole, you were in danger, in respect of one or two or more of those activities, of imposing a burden which no one could reasonably expect them to carry?—Yes.

6361. And the instances that were put to you were the inland waterways and the hotels. Do you remember that?—I do, yes.

6362. If it be the fact that the resultant burden elucidated in the way shown on your table is more than

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[Continued]

those two activities can meet, what is your answer to that?—Might I say in the first place that the fact that those activities have been running at a deficit does not, in my opinion, mean that I should not put against them in any sort of budgetary statement, or target statement, the proper share of the interest charges. It may well be, as I said yesterday, that for one good reason or another those undertakings will still be running at a deficit. The Commission may take the view that they cannot increase hotel charges beyond a certain point. But these are small activities—in the case of inland waterways and hotels—small in relation to the total, and it must also be borne in mind, I think, that there are two other relatively minor activities that vastly more than pay their share of the central charges on this basis. For instance, the non-controlled undertakings and the subsidiary companies. There is certainly enough there—more than enough—to meet any short-fall on the two other services given to me, without saying that London, or British Railways for that matter, should subsidise the hotel service.

6363. You anticipated in that last sentence the next question I was going to ask you, whether, on consideration of this matter, you see any reason why London passengers should, in any sense, make up a deficit on any of the other constituent activities of the Commission?—I do not think they should, subject to what I said earlier on, that I think London should fully pay its way and if it has not paid its way in the past it should make a contribution to put itself right.

6364. That depends upon the view that is taken on whether there is any accumulated deficit, or an even balance, or an accumulated surplus?—It does, yes.

6365. Now, to get back to the questions that you were asked in general about central charges, we have now reached, I think, this position, have we not, that there is something less than half a million for "Y" year difference between your computation of London's share, and Sir Reginald's?—That is so, yes. I will just look at the figures. My figure for London Transport Executive in the way in which I have dealt with the rents of surplus lands is £4.9m.; Sir Reginald's is £5.5m. The difference is actually £0.6m.

6366. And if one takes into account £0.2m. for surplus lands, it gives you a difference of £0.4m., or £0.6m. without taking that into account?—The way I have embraced it is that at the end of the day there is a £0.6m. difference.

6367. (Mr. Harold Willis): Surplus lands only account for £0.1m. nett.—Yes, that is so.

6368. (Mr. Geoffrey Lawrence): Yes, that is quite right, Mr. Willis. Now I want to get this as clear as we can before we finally leave it. With regard to charges other than interest charges, where you have found out what those items have been and have found that they are entirely non-specific to London you have excluded them, have you not?—Yes, I have.

(President): That applies to special items?

6369. (Mr. Geoffrey Lawrence): Yes. I was going on to say that that is not to say that you have not included in the total charge that is subject to apportionment some small items which you say, as a matter of convenience, can be rightly regarded as apportionable?—That is so. This is not really a category of expenses that appears at the end of the Commission's account, a category that needs to be dealt with globally at all. The heading might have been "miscellaneous items" or "items not charged elsewhere". Therefore, when you break it down, it is right, I submit, to take out the items which really are specific items and deal with the others globally. The best example of that is the compensation payments to staff, and things like that.

6370. (President): The best example of the special items which you do regard as apportionable, you mean?—Yes, I should have added those words.

6371. (Mr. Geoffrey Lawrence): A good example of those that you do not include to be dealt with globally. And if we could have an example of those you think are entirely non-specific and on any reasonable basis ought to be dealt with globally, might we mention the item of restaurant cars?—Yes, writing off the scores on some acquired restaurant cars. That could equally well have been included in working expenses of the undertaking. That is not a special item or a central item, at all.

(President): Mr. Lawrence, this is not, in figures, a very important item, but is not the real question this: should there be added something as to which we can only make prediction for what one may call contingencies?

(Mr. Geoffrey Lawrence): If I may ask—do you mean added to the global amount?

(President): Added to the apportionable sum.

(Mr. Geoffrey Lawrence): Yes.

(President): I think Mr. Hill really, in effect, said they are not categories of expenses, they vary from year to year, and no one can safely predict for "Y" year, or "Z" year, what will be the sort of thing which will appear in the Special Items account.

6372. (Mr. Geoffrey Lawrence): May I ask Mr. Hill to answer your question rather than that I should?—There is something already in the global amount. This will not happen again. I would take the view that that is enough, because looking at the thing and seeing what is included in the working expenses, I cannot foresee at all any need to cover anything else. I cannot see why it should not be enough for the future.

6373. I hope that gives you an answer, Sir, if not the answer that you would ultimately adopt to that question.

May I pass from that and ask you a question or two about the surplus lands, Mr. Hill—not about the facts of the matter, because I think we all know what they are, but a question about the treatment of it. You have said that on this occasion you have adopted, in order to avoid controversy, the global method of allocating interest charges?—Yes.

6374. In such a method is it, or is it not, in your view, necessary to bring in a credit in respect of these surplus lands, whatever the right figure may be?—I think it is. I agree that there are at least three ways you could do this, and I think the way I have followed is the more correct—if I may use that expression.

6375. Unless I have misunderstood the position, is it this? That interest on the cost of acquisition of those properties is included in the total interest charge in the British Transport Commission accounts?—Yes, and, of course, historically, one does not know what was in the total computed.

6376. I suppose one may take it that their earnings affect the earnings of the undertaking?—They must have done, of course.

6377. And to follow your argument to its conclusion, that means, I suppose, that their earnings, whatever they were, affect the Stock Exchange values on which compensation was based?—They must have done to an extent that cannot be measured.

6378. But in theory they must have done?—They must have done, yes.

6379. (President): They were parts of the assets which were vested?—They were parts of the assets which were vested.

6380. (Mr. Geoffrey Lawrence): As I understand your position, it is this—is it not? That you cannot disregard a net credit from these properties and at the same time correctly apportion the total amount of interest to a constituent activity such as London?—I would not go that far. I would say you could disregard it and say that you would overlook that in the general approach.

6381. I apologise for having pressed the argument perhaps further than the witness is prepared to take it?—I am not prepared to take it to that conclusion, but I am impressed by the degree to which these surplus lands and properties are managed by the Executive. They are not like a separate department of the Commission, and a proportion of the London Executive charges have to be made against the accounts.

(President): Your difficulty on this point is surely this, Mr. Lawrence: that it looks like a reversion in respect of this part of the Commission's revenue to the specific method of approach. You have to cut out of a sum which is not apportionable in the accounts to any separate activity, and get an agreement from the Commission, that quarter-of-a-million revenue a year, as if you were allocating to London Transport?

(Mr. Geoffrey Lawrence): It looks like it, and that is why I was—

(President): You were putting it a little bit high?

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[Continued]

6382. (Mr. Geoffrey Lawrence): Yes, and I pressed a little too far. I am content to stop at the answer before I put the final question and leave it at that, because that does summarise your position, does it not, Mr. Hill?—It does, yes.

6383. Leaving that, and solely for the purposes of final clarification, I want to ask you a question or two about the assets displacements account and the matter of stock redemption, for the purpose of crystallising the position. It still appears to be the contention of the Commission that the provision for stock redemption is made as a provision against obsolescence of the fixed assets?—All those assets which are not subject to depreciation.

(Mr. Poole): They are really made by order of the Act, are they not, and the fact of obsolescence is quite incidental?—It is the only form of obsolescence relevant to ways and structures. There is a direct order in the Act that has got to be done.

6384. (Mr. Geoffrey Lawrence): I am much obliged. I think Mr. Hill has an answer which had better take the place of anything that I can say, Sir.—I am sorry, Mr. Lawrence. The answer is Yes. It is in the Act that the stock has to be redeemed and the amount provided for, and it is in the other Nationalisation Accounts too. The contributions are made by all the nationalised bodies, but the other bodies make the contribution and their depreciation contribution by the same amount. The British Transport Commission does not. So it is not that the stock redemption has to be made and that is regarded as obsolescence, but the way in which it is charged as an extra amount. It gives a support, a cover, against this obsolescence.

6385. (Mr. Poole): As far as I understand it, the depreciation is only on the rolling stock and that type of wasting asset and not on the ways and structures. There is no depreciation in the account for ways and structures at all.—That is right.

6386. I do not follow your argument that it has been charged twice.—In the case of the other undertakings, they do not make this contribution over and above the full depreciation contribution. Because they say that would be paying twice. In the case of the British Transport Commission, it is true that a great part of their assets are not subject to depreciation contribution, but they are charged to revenue in respect of renewals. In addition to that, it is contended that the revenue account does not take care of obsolescence, and therefore this could be regarded as taking care of obsolescence. That, as I understand it, is Sir Reginald's theory. I have had to embrace that theory, really.

6387. I do not see where they are what I might call "putting it over" the public?—If all the British Transport Commission's assets were subject to depreciation provision, then they would be "putting it over". They are not. They cover those assets not subject to depreciation either by a charge to revenue or by having to write them out, and they will have nothing to write them out against, apart from having put aside the stock redemption.

6388. Is there anything criminal about that?—No, I do not criticise that. I have brought stock redemption in my figures, but not in the first figures, because having followed the Commission's accounts in the early years as to how they dealt with the displacement account, I accepted that as an indication that obsolescence was mainly on the British Railways where they had hypothecated this other provision. So I have had to accept the Commission's theory about stock redemption and bring it in as a charge.

6389. (Mr. Geoffrey Lawrence): I was just leading up to this—that if you accept the Commission's view that you have just enunciated, and you also accept that it should extend to the London Transport Executive, fixed assets, along with the other fixed assets of the Commission, then the adjustments you made on your A. table are consequential?—Yes, absolutely.

6390. That is what I wanted to get clear. My learned friend was asking you questions yesterday, designed to show that there was some fallacy in your consequential adjustments on your A. table?—I do not think so at all.

6391. So I understood it, although I may have been wrong. The adjustments follow, as I have understood it, on the acceptance of two hypotheses; one, the Commission's general view on the provision for obsolescence, and

two, the expense of that provision to the London Transport Executive assets. Is that so?—Absolutely.

6392. If you make and accept these two hypotheses, then the adjustments on your table are the consequential result?—Yes. If it were said that there can be no obsolescence of London Transport Executive's assets, I would say that I do not see why the London Transport Executive should be charged for this stock redemption. But that is a proposition that cannot be accepted, because there must be obsolescence to some degree on all fixed assets.

6393. Now, Mr. Hill, would you please look at Table 114 (a)?—Yes.

6394. And would you look at line 5, the end column for 1952. You were being asked some questions yesterday by the learned President about that figure of £4,400,000. Do you remember?—I do.

6395. You said that that was—to use a word, I think, of your own—a projection of the figures which were calculated in respect of the four preceding years into the year 1952?—Yes, I did.

6396. By looking, I think you said, at the movement of figures over the preceding years in line 5, which reflected more or less, an addition of £0.2m. each year?—Yes.

6397. Is there anything you wish to add by way of further explanation to that?—Yes, there is one point. That that projection, of course, reflects increasing capital expenditure on the London services, and when one comes to apply the book value formula in 1953 one will have the different mean capital expenditure figure for London Transport and for the Transport Commission as a whole. A fair test as to whether the amount added for 1952 and then the amount added for 1953 is enough, would be the amount of capital likely to be spent in 1952, and again in "Y" year. And I did say that £0.2m. would service, say, at 4 per cent, a net increase in expenditure of £5m. in each year. Now when I say a net increase in expenditure I mean capital expenditure during the year, less depreciation, because that has been written off all the time. That figure compares with the net increase in capital expenditure in 1952 of £3m., in the previous year of £8m., and in the year before of about the same, these being years in which the bus fleet was being renewed at a very heavy rate. So I took the view that the Commission was likely to be spending in the next two years no more than they had spent recently, and rather less than what they had spent in the last three years, because the bus fleet looms rather large in that. If any further large capital expenditure faces the London Transport Executive in this year (something quite disproportionate, and I have not heard anything about it nor is there anything in the accounts to indicate it) then the £0.2m. would of course, be on the slender side, but it would have to be very much larger.

6398. (President): Mr. Hill, do you mean that if we had the 1952 accounts and, therefore, had the statement as to fixed assets which we have in 1951, the London Transport proportion would be a bit, but not very much, higher than 9.51?—I think a proportion would be a little less. It seems that the expenditure of the British Transport Commission as a whole from 1951 . . .

6399. Would increase more in proportion than that of London Transport?—Yes, that is what I wanted to say.

6400. If it remained at 9.51, or very nearly, between 1951 and "Y" year, there is an increase in the central charges which you have to apportion of about £5m., is there not?—Yes, there is, Sir.

6401. 9.51 or near it would have to be a greater projection than £0.2m.?—Yes, it would be. From 1951 to "Y" year, of course, I have allowed £0.4m.

6402. Yes.

6403. (Mr. Geoffrey Lawrence): There are two jumps?—Yes, there are. That would be quite so, but I think the proportion would fall, because, I think, capital expenditure is proportionately rather less.

(President): I hope I am not embarrassing you at all, Mr. Lawrence?

6404. (Mr. Geoffrey Lawrence): No, Sir, it is very helpful. I am only trying to gather these loose ends together.

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[Continued]

Can I now pass to London Lines—a few questions upon these. You were pressed with questions on the subject of the Southern Region's figure of £12m.—Of the £12m. that resulted from bringing in the Southern Region in particular.

6405. Yes. The £12m. that is the result of what was done in respect of the Southern Region's new calculation. All I want to do now is to get clear, if there is any obscurity, what your objection (as an Accountant) is in principle to the method which has resulted in that figure?—Well, I have a deep sort of objection from the point of view of an Accountant to substituting a part of a thing to begin with. It is always dangerous, and, therefore, I feel that to substitute a part (and it is only a part of a part, a large part of about one half of the whole) . . .

6406. (Mr. Geoffrey Lawrence): About two-thirds of one half.—Yes. I am always doubtful about that sort of thing unless you know exactly what is behind it, how it has been done and what it leads to. The second feeling I have about it is that that emerges, as I understand, from a test made for another purpose, and may be not strictly relevant to this purpose. That makes one rather more doubtful about using it. As an Accountant I should feel very worried about using that sort of thing unless I had the other parts done as well, and unless the tests were addressed to this very problem. I understand the tests were not addressed to this problem, but were made for some other purpose, and the complements were not done as well.

6407. I think we have followed that and need not elaborate it, I think, any further. As I have understood it, it does involve this—that about two-thirds of one-half of the whole is put in on the new basis; the rest must be all steam lines and electric car lines other than Southern Region, where the computation is on the old formula. It is the marriage of these unhomogeneous methods that produce the result which you think must be suspect?—I do really, from my experience of dealing with figures of all sorts and kinds. I have learned that there are very real dangers in doing that sort of thing. I am not going to say that the answer is not better than the old answer, but it is not necessarily better and it might be worse.

6408. (President): What about the intermediate figure of £11.6m.?—That is something that rather defies me a little. It has been explained in the past under the old formula that all appropriate adjustments have been made for rises in costs, all appropriate adjustments. Now it is said that if you work on the old formula with all its appropriate adjustments you come to £11.6m. Then we will make appropriate corrections for adjustments—we do not think we have given sufficient weight to in the past.

6409. (Mr. Harold Willis): You make more appropriate adjustments, I think is the way it is put.—That is dangerous too. The way the formula has been adopted in the past provides the right adjustments, presumably. What this is really saying is that we have made adjustments, but we think on two heads we have not made enough, and we now make more. That seems to me unsatisfactory in the first place, but is even more satisfactory if you not do go through all the items again and make sure you have not made too much on two others.

6410. (President): All we have is Sir Reginald Wilson's statement that someone has done that which we none of us want to do, and has arrived at the figure of £11.6m., to which the Southern Electric addition result does not apply.—The two things seem to be very similar. They are partial adjustments. They are both undependable unless you look at the other elements too. It may well be that too much weight has been given in the past to some other adjustments. But just to say "I do not think we have allowed enough for Saturday evening running" is also a dangerous sort of procedure from a statistical point of view.

6411. (Mr. Geoffrey Lawrence): Especially, I suppose when that particular adjustment has a retrospective impact, certainly upon the last Inquiry and probably upon the one before you?—I do not know. Part of it is due to extra running of trains.

6412. I was talking about the Saturday evening wage rates.—It would have been taken care of in these very careful and meticulous adjustments which hitherto, it has been claimed, have been made to the figures.

6413. As I understand it, your objection in principle to that is that you are saying there has been a very partial adjustment to an already total adjustment of the old formula?—Precisely, and as such I think it is statistically a wrong way to do it.

6414. (President): We have to start somewhere with an assumption that at some time some figure was correctly ascertained which was not open to question.—Yes, that is so.

6415. Unless somebody is prepared, and I do not think any of us are prepared, to go into the whole matter from the beginning.—No.

6416. (Geoffrey Lawrence) (To the Witness): I suppose for the purpose of our table—unless it is not possible—we would be content to adopt the valuation of 10.6, the figure on the last occasion, and 11.2 on this occasion?—Yes, 11.2 or 11.3.

6417. By the application of a totally revised formula from time to time?—Which has been stoutly defended by the British Transport Commission in the past!

6418. (President): We should be inconveniencing more sides than one if we said that everybody was to be bound by what they stoutly defended in the past.—No, Sir, but they have believed it in the past.

(President): Mr. Lawrence if free to from these entanglements! I hope we shall be able to catch him out in the future.

(Mr. Geoffrey Lawrence): At any rate in 1953!

(The Witness): If the Commission were to say: We have scrapped our old one, but we have made a very long, exhaustive and patient enquiry into these costs for the purpose in all their aspects—steam, electric, Southern and Western Regions—and the whole thing has been subjected to detailed tests as to accuracy, then I would say it is a better test than the other; but of course we have not got that.

6419. So much for that. The only other question I want to ask you under London Lines is the matter of terminal costs. Did anything put to you yesterday by my learned friend Mr. Willis lead you to re-cast your view that you could not properly accept a figure of 12 per cent, instead of the 15.2 per cent. in regard to these costs?—No, nothing does lead me to alter that opinion. I expressed the opinion that however you arrange the figures, you come to the conclusion that the figure is under 15 per cent. and about 12 per cent. The only points put to me yesterday on this matter were really extraneous tests with regard to London Transport, or comparisons of how it worked out, particularly to particular assessments, many of which I have made and on which I have formed my opinion, but were not themselves the subject of cross-examination.

6420. If you please. If I may end on perhaps a little more hopeful note, since we adjourned yesterday afternoon the consideration of this matter, we have heard what fiscal measures are to be taken in the near future?—Yes.

6421. Some of us may be in a fairly comfortable mood as a result of reading them, but have they any relevance, in your view, to any part of the evidence which you have given in this Inquiry?—They have in one, yes. I was rather hoping that sixpence might come off the petrol tax—that would have a real relevance—but I think I did express a view yesterday about wages. I must say I feel very much more hopeful to-day about the danger of a further round of wage increases by reason of the Budget. It is quite obvious that many of the increases last year were based on the cost of living index, and they were put forward partly on the influence which the previous Budget had on the cost of living in regard to food subsidies. That was one of the main grounds which the trade unions put forward last time. There is nothing in this Budget which enables a repetition of that sort of thing likely, and further there are reductions in Purchase Tax and Income Tax. Therefore the doubt which I expressed in regard to a further round of wage increases has been appreciably modified by this Budget in this respect. Then, I suppose, there is a further factor which did not occur to me until this moment, that the Commission will enjoy a slight relief on Purchase Tax. I know it does not apply to things like rolling stock, but—

(Mr. Harold Willis): It is quite trivial.

(The Witness): I do not know how far it goes.

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[Continued]

6422. (Mr. Geoffrey Lawrence): So far as it does go, the movement is in the right direction?—It is in line with what I think to be the general movement towards the downward trend of prices, yes.

6423. Thank you, Mr. Hill. That is all I want to ask the witness, Sir, unless there is any further matter upon which he or I can be of assistance?

(President): I want to ask Mr. Hill a few questions. (To the Witness): Would you take table 115—one of the original tables—and would you look at Column 4?—Yes.

6424. That deals with the working expenses of London Lines. In answer to Mr. Poole at question 5483—if you will have this in front of you—at page 328 on the Sixteenth Day, the left hand column in the note, half-way down, you gave Mr. Poole the vehicle movement figures which you have taken for 1948, 1949, 1950 and 1951. What I want to know is: From where did you take those four vehicle movement figures?—They are derived back from the calculations of vehicle movement plus terminal, plus joint. You will remember, Sir, that I was explaining that we had key figures for "X-A" year and "X" year, and so on, as set out in the top part of the table. Then I applied two tests to see whether one could move these figures and relate them to actual years. One was to find that there was a constant ratio between vehicle movement costs and total costs on British Railways as a whole, and the other test, of course, was just to confirm that the percentages used—32 and 26—could apply in each year. The two figures are complementary, of course. Having done that, I took these figures, relating them to the total British Railways working expenses in these hypothetical years, and I then got these figures 18.8, 18.2 and 15.8.

6425. I am not asking you at the moment about the 18.8, because that is the second stage, the first stage being to find out the vehicle movement for each of these years, is it not? You have worked it back, have you not?—Yes; I have worked it back. Having made the test that there is stability in the ratio, I have worked it back.

6426. That would probably enable you to answer the second question I am about to put to you. In working it back, have you adopted your present 25 per cent. and 26½ per cent.?—No, Sir.

6427. You have not?—No, but I will just make quite certain of that, if I may. No I have not; I have taken—

6428. The B.T.C. 108 figure?—Constantly throughout, yes.

6429. Very well. While you have that same page open, that is, page 328 of the Sixteenth Day, would you look at part of your answer to question 5493. It is where you begin your explanation of your calculation of Central Charges on London Lines?—Yes.

6430. Would you look just beyond the sixth or seventh lines at the top of the right-hand column, and give us the figures you arrive at as being the percentage of the fixed assets of the Commission as a whole taken from the fixed assets tables in the Accounts; you tell us there that by that method you have reached the figures of 77 per cent., 73 per cent., 72 per cent. and 72 per cent.?—That is so, yes.

6431. And the 72 per cent.—the last figure of 72 per cent.—was for 1951?—Yes.

6432. We now know, do we not, from your table 122, that the right percentage for 1951 is 74.26?—That is so, yes.

6433. Will that, or will it not, involve a correction of these figures for the three previous years?—No, I have not tested it for the three previous years. For 1951, it makes a correction of 0.05 per cent.

6434. Do not bother about the effect of the correction. You have told us here that the proportion of Central Charges attributable to British Railways as a whole which you put in this answer as 72 per cent. is really 74.26 per cent.?—Every one of those should really be higher, Sir.

6435. That is what I thought. Now I want to go on to what I think is purely arithmetic, as to what, applying this new percentage of 74.26, is the proper share of London Lines. You have just anticipated the answer by saying it makes a difference of 0.05?—Yes.

6436. This is a matter of arithmetic, and I am very chary of suggesting it is not right, so will you bear with me and do a little arithmetic with me as we go along?—Yes.

6437. We are concerned with 1951?—Yes.

6438. Now the amount of Central Charges, including Stock Redemption for 1951, is £47.91m., is it not?—Yes.

6439. So may we take that as being £47.95m., to spare me a third place of decimals?—Yes.

6440. And, according to the new calculation, British Railways as a whole should contribute 74.26 per cent. of that £47.95m.?—Yes.

6441. Now I make—or perhaps I had better say I made—that came to £35.6m.—I would agree that, Sir. I have just taken it to the first place.

6442. So by your arithmetic we arrive at British Railways' proportion of Central Charges, including Stock Redemption, and after deducting a reasonable interest and including the special items, or part of them. That is £35.6m.?—Yes.

6443. According again to your calculations, London Lines should bear 5.2 per cent. of that, should they not?—Yes.

6444. Then how much is 5.2 per cent. of £35.6m.? I will not embarrass you—or perhaps I will—by saying that I made it £1.85m.—I would agree that, Sir.

6445. Your figure was £1.7m. in your table, was it not?—Yes.

6446. Now, according to the new figure for 1951, London Lines is £1.85m.?—Yes, quite so.

6447. (President): That is so?—That is so, yes.

6448. That is for 1951?—Yes.

6449. Of course, if you are wrong as to the amount of London Lines working expenses that figure will be more.—Yes; I have got the difference. The difference is this: I took the 72 per cent. as it was. I got the 32.4 per cent., which was a figure given, and then I followed the same lines over the London Transport and knocked off £2m. for the surplus rents, that is £30.4m.; £52m. off that gave £1.6m. That was interest, it did not include stock redemption. That is the difference; that is where £1.8m. lifts itself up to nearly £2m. It is the deduction at that point.

6450. You are taking me into a field I have not entered into. I am only interested at the moment in finding out what, accepting your new figure of £42.6m. British Railway share for what the figure should be for British Railways as a whole for interest, stock redemption and such part of the central charges as you think are apportionable. Now there is no doubt there that that comes to a figure of £35.6m. is there?—No doubt at all.

6451. And there is no doubt that taking your 5.2 per cent. as being London Lines' proper proportion, that comes to 1.85 per cent.?—That is so.

6452. So it is clear then, is it not, that on that method of calculation, accepting your figures, the London Lines' share for 1951 of central charges, after deducting interest receivable, taking into account stock redemption and neglecting special items, is 1.85 per cent.?—Yes, Sir, if you do not give the treatment to the rents on British Railways.

6453. I am not interested at the moment in that; I know about that.—Yes. That would be quite so. The difference being in the rents item.

6454. And if one took Sir Reginald Wilson's figure of £20m. being the proper working expenses of London Lines for 1951, one would get over £2m. as being Central charges contribution?—I think one must, yes.

6455. So much for 1951. What about 1952? I think you get the figure from CC/H. 116A, lines 5 and 6. For 1952 your interest charge there, including your central charges charge and including stock redemption, is £1.8m.—That is right.

6456. In other words you have added to your 1951 figure £0.8m.?—That is right.

6457. That I think is a projection?—That is purely projection.

6458. What about "Y" year?—My comparable figure there, Sir, was also £1.8m.

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[Continued]

6459. You have not projected a projection into "Y" year, have you?—No, I have taken the same again.

6460. Do you not think one ought to project a little further for "Y" year?—Yes, I think another £0.1m. should go on, definitely.

6461. If we start with the figure of £1.85m. for 1951 and we project for 1952, adding £0.1m., we will come to £1.95m. for 1952, will we not?—Quite right.

6462. And if it be right to project a little further for "Y" year, we shall reach £2m. shall we not?—Yes.

6463. If we reach £2m. we shall reach where Sir Reginald Wilson reached.—We shall, still leaving the surplus lands as regards British Railways, yes. My figure here is £1.8m., and I must agree that if you disregard the surplus lands element and make other corrections, it becomes £2m. in "Y" year.

6464. Your figure disregards surplus lands?—Yes.

6465. And we begin with £1.85m. which you have agreed on the figures we now have is a correct figure on your calculations for 1951?—Yes.

6466. I do not want you to have any doubt.—In my original figures I knocked off the £5m. surplus lands in that test. I only say that so you will not think I am wrong in saying that the difference is—

6467. I am not at the moment interested in what you said in examination in chief; I am interested in your table.

(The Witness withdrew.)

(Mr. Geoffrey Lawrence): Sir, would it be convenient if I made my submission to the Tribunal now instead of deferring it until you have heard such evidence as other Objectors may put before you?

(President): I think, Mr. Lawrence, that whatever would be convenient to you would be convenient to us.

(Mr. Geoffrey Lawrence): That is most kind. I am not calling any other evidence as you will understand. If I may I would like to take the opportunity of making what submission I have to make to the Tribunal now, immediately following Mr. Hill's evidence.

What I have to say, Sir, I hope can be said at this stage in your Inquiry very shortly. The case which I have endeavoured to present for my clients as Objectors has been exclusively a financial case. It has involved the traversing of a great deal of territory, of dispute and the investigation of a great mass of detailed figures. I am sure I may take it that the Tribunal is in possession of all the evidential part of that case on both sides, and that it would be mere waste of time for me to go over the figures or any part of them again, canvassing the merits on one side or the other and asking you, of course, as I should have to, to accept Mr. Hill.

If I can be of any further assistance to the Tribunal at this stage it would appear, if I may say so, that that assistance could best be given by a short submission of a somewhat general character, devoted rather to matters of principle than to matters of detail.

May I begin, with all deference, by making an observation or two upon the nature of this Inquiry itself? Your inquiry, as I understand it, Sir, is into a proposed scheme for revising rates of fares. It is certainly not an inquiry into the merits of my objection, except in so far as by investigating the merits of my objection light will be thrown upon the merits of the Scheme itself.

The reason why I, through my witness Mr. Hill, have ventured to put forward a positive case by way of the exhibition of a number of tables, showing budgetary statements and so forth, is solely that by that method, and by that method alone as far as we can see, would the Tribunal have a touchstone by which the validity or otherwise of the Scheme itself could be measured, and that is the sole purpose of the evidence that I have called. It has been to provide the Tribunal with a touchstone or yardstick, or whatever one likes to call it, by which the Commission's proposals can themselves be measured. You have, as I understand it, the widest possible powers in relation to a proposed Scheme, to confirm it or not, either in whole or in part.

(President): I think, Mr. Lawrence, certainly we acted on that view before; and it will be clear in a few days

The correct figure for 1951, accepting your view as to working expenses of London Lines, and following out your method of allocating by reference to fixed assets, the correct figure is £1.85 for 1951?—Yes, but there is one other little qualification; when you said "accepting my view as to working expenses", in that calculation I did not give effect to that 25 per cent. I kept to the formula of 32 per cent.

6468. Yes. I appreciate that. Then, Mr. Hill, does it not look as if it is not really very much worth anyone's time bothering about the item of Central Charges on London Lines?—I think that is true.

6469. This is a topic on which both you and Sir Reginald are agreeing, on any approach, there must be a pretty considerable possible margin of error?—There must be a margin of error, yes.

6470. I think your answer to this question will be No, but assuming that some additional revenue must be required of London, you have no views, I take it, as to how the burden should be distributed?—No, Sir. I have not really; because I have rather kept off it frankly.

6471. Then do not let me lead you into it.—I should say that my clients asked my views on it, and I said it was a very difficult matter for me to deal with. I can deal with the accounting side but I cannot really express a view as to what is equitable between one side and another, so I did not express any views to them on that.

that we can do almost anything to a Scheme provided we hold a Public Inquiry.

(Mr. Geoffrey Lawrence): That brings me to this, if I may submit it with, as I say, the greatest possible respect, the holding of a Public Inquiry such as this is no empty formality. This is a Scheme which seeks to raise £5m. to £6m. by way of additional revenue. I do not suppose for one moment if it was disallowed wholly by the Tribunal that the British Transport Commission would cease to carry on its business. I do not suppose if it was allowed in full by this Tribunal that anything, beyond probably widespread individual hardship, would occur; there would be no strike of travellers or anything of that kind. Therefore, as I would submit, it has been refreshing to reflect on the days when the mass of figures and so forth have become almost—speaking for myself personally—more than I could bear, not being wholly and exclusively brought up in that atmosphere, that an Inquiry of this sort is of great public interest and great public consequence.

My learned friend lamented when he opened this case that his clients, the British Transport Commission, were differentiated from certain other nationalised bodies by the fact that they could not, by merely internal executive action, impose a higher range of fares upon the public. The parallel that he drew between his authority and my authorities, the County Councils, in the matter of fixing rates was, if I may say so with respect, wholly inexact, because a rate fixing authority is a democratically elected authority, and from time to time those who impose the burdens on the public have to meet their constituents and the voters at Municipal Elections, and they are answerable in that way for the administration of their rates which closely touch the domestic budgets of the ratepayers. My learned friend's clients, on the other hand, are not answerable democratically in that way. It may be—and I say this with respect to him—a very good thing indeed, in the matter of fares on public transport (in these days of rapid communication and extreme mobility in our daily lives, when it is a matter which touches the pockets of all of us so closely) that the power to fix rates cannot be done by simple internal executive action. It means that the proceedings before your Tribunal on this occasion, as on the last, are a measure of protection of the public against administrative action, irresponsible administrative action in the sense that that action is not responsible to anyone but those who take it.

Therefore I will submit that behind the wearisome features of these proceedings which go on day after day—and you, Sir, must be wondering whether they will ever end—there is at any rate almost constitutional significance in that the man and woman who pays the fares in the buses and trains is protected from the Commission in this

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way. Not that I impute—and I do not want to be understood as imputing to the Commission or any of their witnesses—anything but a conscientious and integritous discharge of their duties, but they are themselves part of that gigantic concern. They see the matter from the inside outwards; we see it from the outside inwards. That is a profound difference. It is only right when they desire, rightly or wrongly, to impose an additional burden on the travelling community as a whole, or any section of it, that they should have to come and have their proposals investigated in public before your Tribunal.

All that perhaps is trite and obvious, and I need not elaborate it, but in my submission it is worth saying, and it is worth bearing in mind in an inquiry of this kind.

It is inevitable in approaching the matter on a financial basis, as my clients have done, that there should be, as between Sir Reginald on the one side and Mr. Hill on the other, a difference of approach. As I have said Sir Reginald sees this matter from the inside as the Comptroller of the Commission as a whole. Mr. Hill, an independent accountant, looks at it from the outside, and he looks at it from the point of view, and solely from the point of view, of the justification of this present Scheme in its limited application to a small section, or a comparatively small section (geographically at any rate, if not in numbers) of the travelling public of the country.

That is not to say that either of those gentlemen fall short in any way in conscience and integrity; and although I have had from time to time to criticise the methods of accounting of the British Transport Commission, I hope that throughout I have made it clear that that criticism was not motivated by any desire to show that they had done anything in their accounts which they ought not to have done. It was solely directed towards showing, in the inquiry which is before you in this case, that the results of what they have done may lead to a false evaluation of the local picture in London. If there is any doubt about it, and I hope there is not, I desire to make it abundantly clear that the differences between my clients and the Commission are not differences which arise from any sense on my side that there is not the highest degree of conscientiousness and an integritous discharge of their functions by the Commission. But that is not to say that they are right in this Scheme.

That brings me to the basis on which we have approached consideration of this Scheme, and the basis on which as I have understood it the Commission themselves have approached consideration of this Scheme. Those bases, at any rate so far as they have been formulated in words and defined, are identical. There is no difference between us. The justification for this Scheme as the Commission put this Scheme forward is solely this, as I understand it, that London as a whole, the complete logical viewing of London, is not at the moment, on the fares its travellers pay, covering the costs of its own transport, and it is not covering it by something like £5m., a little more or a little less. The justification of this Scheme is to lift the revenue in this geographical area to such a level as will make the Londoner do no more than stand on his own feet. That is Mr. Hill's approach. The area of consideration is common to both sides. We do not, any more than the Commission, look solely at the passenger on the London Transport Executive services. We include the passenger on London Lines. So do the Commission. That is common. It is, I think—and I think they have called it so in one of their explanatory statements—a convenient and logical unit.

The question broadly stated, as I understand it, and have understood it in this Inquiry, is solely, on the present fares: Is the London passenger, by the fares he pays, paying enough to pay the cost of his transport? If not, then his fares should go up, and we agree that if that is the answer to that question, fares should go up. It has never been part of my case, nor that of my predecessors who have appeared for the Middlesex and associated County Councils, to suggest that the London traveller should be subsidised by anybody else outside London, and if the case is made out for an increase of fares upon that basis we are content to accept it.

In deciding the question whether the Londoner is or is not paying his own way, it is necessary to do something which is not done, or not completely done, by the Commission themselves in their published accounts. You get in their accounts a statement of receipts and working

expenses of London Transport Executive, but the whole position is, of course, clouded and obscured, and in moments of impatience one might almost say bedevilled, by the fact that you have to bring in something for London Lines; and there it is common to both sides that there is no measure of precision or exactness. But that is no reason why the task should be given up. It is no reason for one to be content with anything that is approximate or speculative because the task of evaluating the position in London as a whole is rendered difficult in that way. It is no reason why it should not be attempted and discharged with the utmost precision and accuracy it is possible to attain.

Broadly, in my submission, you will find that the difference of approach to the common problem between Sir Reginald and Mr. Hill follows from the way they look at it. Broadly, I submit you will find that on the controversial issues the Commission's evaluation of the true figures is of a very broad and general character: whereas Mr. Hill has gone into finer detail, has not neglected minute considerations of minute matters, because in the aggregate small matters may have an eventual effect. And I am bound to submit, I should be failing in my duty if I did not, that in the inquiry as to what is the budgetary position in London as a whole, Mr. Hill's approach is the more careful, the more exact and the more precise of the two, because he has tackled these difficult problems not in any defeatist mood or as the result of any attitude that realises the thing cannot be solved with mathematical accuracy and therefore a broad guess is as good as you can get. He has approached it as carefully as he could and tried to find out what the true position is.

At this stage I propose to offer the Tribunal an apology for the fact that in tackling the problem in the way he has done Mr. Hill has gone over a great deal of ground that was covered or partially covered at your previous Inquiry, but it was essential, in my submission, that he should do it if the Commission's present case were to be tested exhaustively and in the way in which it should be tested at a Public Inquiry of this kind.

The Commission's case is really quite simple as I have understood it. What they say in effect is this: We go on really from where we left off last year. We ignore London Lines altogether. That is of great advantage to everybody because of the difficulties of quantification and so forth. We ignore them with a passing glance, and merely say they are about breaking even. You can therefore neglect them. They have effect neither one way or the other. On our precise figures on London Transport Executive you can see the exact position. We can show you that in the months that have elapsed since the Tribunal's last decision we have had to suffer inconvertible accretions to our cost (inconvertible in fact because we all know they have had to suffer increased petrol duty, increased wages and so forth) and, they say, upon that basis it is plain that fares fixed before we suffered those accretions of cost are inadequate to cover that additional burden. Of course if the Inquiry had been limited and restricted in that way, I could never have tested the matter at all.

In order to test the validity of what they are saying it has been essential and inevitable that one should go over a certain amount of old ground again. But having made my apology for doing that, may I also point out—and I hope I am making this submission with accuracy—that on this occasion at any rate, although the topics by name were familiar we have been in a position this time to carry them further, both in evidence and in submission. We have not of course all the advantages of access to every figure and so forth that the Commission have, but as times goes on we do find out more about the way these things are managed. Therefore we have been able this time to carry these matters further and to make them part of a financial case which is put forward as a touchstone of what is right or what is wrong in this case.

Mr. Hill's conclusion, you will readily and at once have appreciated from seeing his tables, is that there is no case here for any increase in fares at all, or if there is it is for a fractional amount of the total amounts sought to be raised by this Scheme. That position is reached as a result of the total consideration of the position in this London area as a whole. He may be right wholly, he may be wrong wholly; he may be right in

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part and wrong in part. But if he is wrong only in a few matters and he is right, as I shall shortly submit, on the main substantial matters, then in my submission the case for an increase of fares in London has gone. One, I respectfully submit, must always remember throughout this Inquiry that the Commission themselves have not suggested that the Londoner should make any contribution whatever to deficits incurred outside London. If the case was put forward upon the basis that the Metropolitan, where so much travel goes on, which is a conglomeration of residents (after all, it is the capital of the country) might reasonably be expected not only to pay its own costs, but to make a contribution to an overall deficit, it might be that that would be a case which would have wanted some meeting on that ground. But fortunately it has not been put forward in that way at all. I venture to submit that the way in which it has been put forward, the battleground which has been chosen (and not by the objectors but by the Commission themselves) should be remembered and the combatants restricted to that.

As I submitted, it is not going to help you in a detailed review of my case, looked at as a touchstone of the Commission's case, to go over the figures in detail. I will only make, if I may, a few short submissions upon the major items of dispute, and the first one that I would desire to say a few words about is the question of this allocation of interest to central charges. I take it first, not only because it is one of the most substantial matters of difference between the two sides, but because it is a good illustration, in my submission, of what I have said is the different method of approach here between the two experts.

The Commission's case is: We take a figure of £5½m. (which has been the figure they have contended for on previous occasions) and say that is a fair figure for London to bear. We have applied several checks to it one way or another, and we have come to the conclusion that broadly speaking that is the right figure. Well, with the greatest possible respect to Sir Reginald, it may be the right figure for the controller of a big undertaking that is now run as a unit, but your inquiry here is, I will not say an artificial one, but it is something which is not wholly covered by statutory directions as to the Commission's accounts; it is something that we have had to do in this room over these past weeks simply and solely because the Commission have chosen London as the target for their increased fare and have said: We want that extra revenue from London because London is paying its way at present.

Therefore when one comes to the first major item of the allocation of interest charges what may be good enough as a broad allocation inside the walls of the Commission itself is not in my submission good enough in an inquiry of this kind. Particularly so when as on investigation Sir Reginald confessed to me, even if it is right now (what I had put to him) it could not be right in increasing years, and he confessed a weakness upon that.

(President): The curious thing Mr. Lawrence is—do not think I am criticising you; I have already said this is not a running down case—Sir Reginald was never asked by anybody how he arrived at this figure of £5.5m. He was asked more than once if £5.5m. was right for one year how it could be right for all the five years. He was never asked by anybody how he had reached the figure £5.5m. I am going to ask him at a later stage, because I am not content to accept it.

(Mr. Geoffrey Lawrence): Well, I suppose perhaps all of us sometimes as advocates do not ask questions that perhaps we ought to if we were wholly impartial investigators, but I am bound to say my impression was, not having been here on previous occasions, that the origin of the £5.5m. was the application of a percentage, 10½ per cent., to a figure which resulted in that £5.5m. and once having got that, then for the purpose of stability and so forth it was carried forward year by year. I did not think it was necessary therefore at any rate for the purpose of my case to ask Sir Reginald any further questions as to where that £5.5m. had come from.

(President): Dialectically, of course, perhaps you were wise having extracted the admission that it was wrong to begin with, in the first two years, or that there was a weakness about it to begin with, dialectically perhaps it was wise to say, well, as it was originally arrived at on reconsideration it was wrong, there is not much strength in it

for a year for which it was not even calculated. I propose myself to ask Sir Reginald to explain to us how £5.5m. is to be regarded as the correct figure for "Y" year.

(Mr. Geoffrey Lawrence): That leads me to the submission I was going to make on this, that you are really asked to accept it for "Y" year on the basis as it were of the *ipse dixit* of Sir Reginald himself. It may be right because of course there have been inspired pronouncements in the history of mankind which have not been the subject of prior arithmetical calculation or estimate but they have nevertheless been right, but in an Inquiry of this kind there is that difference in estimate, not only here but in other matters as well. There is that element in the Commission's case, namely, "Well, we think it is fair and that is that". On the other side, my computation, Mr. Hill's computation, of the interest to be borne by London, is based upon something which at any rate everybody can understand.

(President): For 1951?

(Mr. Geoffrey Lawrence): For 1951. What he does of course is to link it with the ratio of fixed assets in the hands of the constituent activity for London, London Transport. He said—and I think he said this in answer to you, Sir, when I was examining him in chief—that he did not know of any other way or any other fair way on which you could possibly evaluate the interest burden. It led of course in the end to the production of his final table, CC/H. 122, which was criticised by my learned friend on the basis that it showed a burden for certain other constituent activities which they could not possibly be expected to bear. On that part of my friend's cross-examination he was touching something that lay right at the heart of this topic of interest burden. I would submit, Sir, that once you have cut adrift from such a basis, once you have rejected the apportionment of interest charges on the ratio of the fixed assets of any particular constituent activity to the fixed assets of the Commission as a whole, you are then at sea, drifting about without any guiding principle except the view, the opinion, of Sir Reginald, showing, as I would submit, if it be the fact, that that kind of apportionment of the interest burden does result in some constituent activities having to bear a higher burden than they can at the moment at any rate discharge, the answer is to tackle the problem as it arises in relation to each constituent activity in one way or another, or to find enough to cover the deficit to subsidise the loss from some non-controlled undertaking or subsidiary company, as Mr. Hill suggested this morning, which can well afford to do it. But unless you deal with it in some sort of way like that, you will surely, in my submission, always be in danger when you come to allocate the proportion of Central Charges against a constituent activity like London of making that constituent activity pay too much; and if you do that, then you have departed from the very basis which is common to both of us here, because you would be making London pay more than its own way and make some contribution to a deficit arising elsewhere. That is my submission about that—that no other safe anchorage has been indicated in this case for the apportionment of interest charges except that they should be based upon this fixed assets ratio.

(Mr. Poole): But does not that give the opportunity to the Commission, if they chose, to rectify the position in regard to the organisation by transferring some of their fixed assets to other activities? For instance, they may break up the docks, harbours and wharves and give them to British Railways, or they may give the hotels back to London; they may say they are not paying, and give them back to London.

(Mr. Geoffrey Lawrence): That may be so, Sir; that would arise out of the fact that the Commission is carrying on diverse activities under one all-embracing organisation—they probably could do that.

(Mr. Poole): Is it really tenable that in a large organisation the more prosperous entities in it shall not be permitted to carry, shall we say, the less prosperous ones to some extent?

(Mr. Geoffrey Lawrence): As I said just now, if this Scheme had been put forward on some such basis as that, it might have been much more difficult to meet; but it is not.

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As I say, the battleground—to repeat the metaphor which I made just now—has been chosen by the Commission themselves here. They are not saying that London in any way should make a contribution—they are not saying it this time—of some negligible amount left over after their budget which makes an entirely negligible contribution to what they call accumulated deficits; they are not saying that London should be regarded as a profitable member of the Commission and therefore can carry anybody else on its shoulders. If they do not say that, they must accept the consequences of that basic approach to the problem; they must accept the financial consequences. They invite the challenge; they invite the attack that can be levelled against them: Very well, if London is to do no more than pay its own way, it is doing that already. Had it been put another way, my opposition, if I were here at all, might have been quite different; but I cannot with respect meet a case which is not really being made as a justification for this Scheme.

To get back to the question which Mr. Poole put to me, I concede that they could switch assets in the way he suggested; but taking the position as it stands at the moment, one could easily evolve a ratio between the fixed assets of London Transport and the fixed assets of the Commission as a whole, and I submit that on the battleground chosen for the fight by the Commission themselves, that is the only basis upon which you can apportion, and properly apportion, interest charges, unless you are going into a sea of uncertainty, merely being guided by the beacons of opinion.

(President): If I may interrupt you, Mr. Lawrence—this is not the same point as the one which Mr. Poole has just put to you—it may well be that any method of allocation presents great difficulties; but this fixed assets method may lead to very curious consequences. You see, in the total of fixed assets there is an amount of £30m. for Road Haulage goodwill. There is a school of thought—and we must consider whether it is right or wrong—which thinks that in the next 12 months that £30m. will be found to have evaporated, and therefore when we come either in 1953, 1954 or 1955, to look at our familiar tables of fixed assets, the goodwill will have disappeared one day, and the effect of that on circumstances which have nothing to do with London or London Transport will be to increase their percentage.

(Mr. Geoffrey Lawrence): Of course it will, in reduction of the total as well.

(President): Yes, and they would suddenly find that through some event with which they have had nothing to do they will be asked, according to Mr. Hill's method, to pay a larger share of Central Charges.

(Mr. Geoffrey Lawrence): Yes, Sir; I have to face that. If it is inherent in the evaluation—

(President): It is inherent in any attempt in a large diversified organisation, if you say suddenly: "I must pick out a bit and allocate to it some part of Central Charges". It is like going to a drawing office in an engineering works and saying: "How much ought we to put for advertising expenses?"

(Mr. Geoffrey Lawrence): It is a difficult and artificial inquiry; it is only forced upon you here because we have to find a budget for London. We are making out a contribution—not because we say that is necessarily the way in which it has to be done, but because we are faced with an opinion—the £5.5m., which is now admitted to be wrong in the past, and in order to help you to say whether you accept that £5.5m. or not, we say: "Look at the other way of doing it".

(President): You mean another way of doing it—a way of doing it.

(Mr. Geoffrey Lawrence): Yes, Sir—which in itself may be open to some sort of criticism, but on the whole it may be better than the Commission's way of doing it; at any rate, it is provided as a touchstone. I am not here positively to justify it, of course, but merely to put it up for your consideration to be measured against the Commission's method.

Those submissions, so far as I can see, are the fundamental ones upon this question of excessive charges, and I do not think I need take up your time with any of the trimmings on this matter—the exclusion of special items, and so on; you are fully in possession of the issues there.

May I pass from that to the next and major matter, namely, the controversy which has raged round the Abnormal Maintenance Account. I choose that as the second topic for a few general remarks, because in my submission you can trace again in the Commission's attitude the same forces at work.

When they started at the beginning of 1948 they took over depreciated undertakings and certain positive assets which were, if not in fact commensurate, at any rate had been designed to be commensurate with the deterioration of the assets which they took over. In other words, they took over depreciated undertakings, but they took over the wherewithal, as I think Sir Reginald admitted, to put them right.

Stripping this down to its simplest possible essentials, all we are saying is this: You took over the deteriorated undertaking—the physically deteriorated undertaking—of the London Passenger Transport Board, and you took over the wherewithal to make it good, or what the best brains whose minds have been attracted to this matter had thought was the wherewithal to put it right. You treated similar dowries coming with other undertakings in a way which is perfectly satisfactory; nobody could complain from the point of view of a unified undertaking like the British Transport Commission, but when one sees what has happened on the accounts in fact in relation to London, one finds a situation which is not satisfactory in the context of an Inquiry such as has been going on in this building, and I have yet to understand—it may be clear to you, Sir, but I have yet to understand—what the explanation is that is put forward to answer that simple basic complaint of ours that we came into this mélange of nationalisation with a dowry, be it £25m., be it £31m., £32m. or £40m., and so far we have only £23m. back from our benefit for four years; whereas all the other people that came along similarly equipped have had proportionately much greater benefit. It is only relevant in an enquiry into the present budgetary position, or "Y" year budgetary position, of London as a whole. Nobody says that the accounts are wrong from the point of view of the Commission as a whole; all we say is: Well, if you are looking at London separately, what is the explanation of those facts?

Sir Reginald, I think, gave me two explanations. He was rather inclined to say—I hope not because I put the words into his mouth—that it was really explicable on the basis that there had been a wholesale renewal of the assets in London; but as Mr. Hill said, when one comes to consider that it cannot be wholly true—in fact, it can be only partially true. In any case, even if it were true, it would give rise to the further complaint that the renewals have been provided out of capital and charged to the British Transport Commission Capital Account. London has had to pay part of its share of the interest on that, although it would be a complaint in figures of a considerably smaller amount than would otherwise be the subject of a grievance.

The other explanation that was given or sought to be given, if I understood it rightly, was this: if the London Passenger Transport Board had continued with its activities on its own, it was in a pretty poor way. It would have had to utilise this Provision Account in order to stop financial holes elsewhere. The British Transport Commission under nationalisation have taken over the business of the London Passenger Transport Board and they have stopped the holes which have existed in the undertaking in other ways; and therefore, directly or indirectly, London has had the benefit of the amount which it brought with it in respect of this Maintenance and Renewals Account.

In my submission, that explanation simply will not do. The question of what the position would have been with the London Passenger Transport Board, if there had been no nationalisation, is an irrelevant consideration. What is relevant, and highly relevant here, is what happened in circumstances of nationalisation on and after the 1st January, 1948. But, for what it is worth, that is the only explanation that has been given of the strange facts that were shortly summarised when I first started my submission on this part of the case.

It does, in my submission, come down to Mr. Hill's set of alternative propositions. You will remember that he said either the 1938 or 1939 standard on which the

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whole thing was based was too high, in which case, of course, you would have an adequate explanation of the smallness of the off-charge against the £25m. or £31m., whatever the figure is; but you would have had over the years during which it has been operated since nationalisation, an excessive annual charge to revenue if the 1938 standard was correct. But over the years it has become distorted into inexactness and is now too high. You get precisely the same result—an explanation of the small off-charge accompanied by excessive charges to revenue, the third candidate as an explanation being that there has been a radical change in the nature of the assets by actual renewals. That was the explanation over a large field which Sir Reginald offered to me, but which is not factually supported by what has happened.

The only other explanation which, in my submission, one can find is that the smallness of the off-charge is accounted for by the fact that the arrears of maintenance have not been overhauled—but everyone knows that they have been overhauled by now. So that the arrangement, while it is satisfactory from the Commission's point of view, if they have an internal balance, it is up to them how they divide it between their constituent activities, and if there is a very clamant constituent which says: 'I am in a terrible state and I must have my maintenance made up by one means or another, by all means let them draw from the balance and do it; and if they have a fairly small undertaking which is not so clamant for relief, let them hold back; nobody is going to complain of that inside the Commission itself. The moment we start to complain is in this hall, when an extra burden of £5m. to £6m. is sought to be put upon Londoners on the ground not that Londoners should pay a subsidy to the other parts of the undertaking, but on the ground that Londoners are not paying the cost of their own transport. That is when we begin to investigate these facts, and having found what they are, that is where we begin to question the quantification of this over the years.

If I may remind you of how it was done, Sir, it was done by taking half the figure of £25m., namely £12½m., and reducing that still further by spreading it over a maximum period of ten years where the reasonable period would be less. In my submission, it is impossible, if you are quantifying it at all, to find a figure which is less than the annual deficiency of half a million pounds. It is again another consequence of a kind of enquiry which has been forced upon this Tribunal this time by the nature of the Scheme in the first place, and the battleground, to repeat my own metaphor, which has been chosen for the combat. Is London paying its way? I cannot make it any stronger than that; in my submission there is no explanation which has been given so far which has been adequate to explain that London has not suffered in that respect.

(Mr. Poole): On this question, Mr. Lawrence, your submission is that there is at the present moment an overcharge to revenue against maintenance of anything from £0.5m. to £1.25m.?

(Mr. Geoffrey Lawrence): Yes, Sir.

(Mr. Poole): You do recognise that the dowry of £42m. you spoke of forms no part of the Abnormal Maintenance Account?

(Mr. Geoffrey Lawrence): Yes, Sir, I recognise that now. When I first started cross-examining Sir Reginald I was either misinformed or I had misunderstood my instructions; I had confused it with the Provision Account. I have abandoned that now, and I have proceeded on the sole basis of the Provision Account—that is what I think it comes to in the end.

(President): You do yourself an injustice when you say that you have misunderstood anything, Mr. Lawrence, when you were pursuing the dowry point. The figure of £2.8m. and the figure given in Mr. Hill's original Table CC/H. 110 said what the Abnormal Maintenance Account was. I think you began afresh after the week-end?

(Mr. Geoffrey Lawrence): That is quite right, Sir—I sought guidance. I was certainly under the impression that what had happened was that the cash in the hands of the Trustees had been carried into the Abnormal Maintenance Account, whereas in fact that was wrong. It was carried into the Central Fund, and then was put into the Abnormal Maintenance Account with its Provision Accounts that Sir Reginald was talking about.

Perhaps I was wrong in saying that I misunderstood my instructions—

(President): Before the week-end I should have understood them in the same way.

(Mr. Geoffrey Lawrence): However, that misinformation that I had does not in the end, in my submission, obscure the point which I am making. It is neither better nor worse for having got that misinformation out of the way; I am still making my point that there has been, as I think Mr. Poole says, over these years an excessive charge to revenue—that is what it boils down to.

(President): There is just this to be said, Mr. Lawrence: Looking again at Table CC/H. 110, which gives what are called appropriations from the Abnormal Maintenance Account under the heading "London Transport", those are balances for each of those years, 1948, 1949 and 1950, in respect of some heads; there are charges on the Abnormal Maintenance Account in each of those three years; there are some charges on and some charges off. I think, and these are merely the balance figures.

(Mr. Geoffrey Lawrence): Yes, I understand that. However, I do not think I can assist the Tribunal any further upon that topic.

(President): Your case—I will not say, putting it better, but putting it shortly—is that there must have been some overcharge to Revenue Accounts for maintenance, otherwise the drawings on the Abnormal Maintenance Accounts would have been greater?

(Mr. Geoffrey Lawrence): That is so; a small overcharge must be accompanied with excessive charges to revenue.

(President): And if ten years be right—and I agree that Mr. Hill thought it was an outside figure—for the Abnormal Maintenance dowry to be exhausted, you would have expected, taking a figure of £25m. as being the right figure, £2.5m. per annum to be drawn out of the accounts?

(Mr. Geoffrey Lawrence): Yes, Sir.

(President): Do you particularly want to finish your closing speech this morning?

(Mr. Geoffrey Lawrence): No, Sir, that is not necessary. I have a few more things to say which I could not say within two or three minutes.

(President): Very well; it would spoil your peroration if we restricted you, so we will adjourn now.

(Adjourned for a short time.)

(President): We must rise at five minutes to four to-day.

(Mr. Geoffrey Lawrence): May I just say a few words now upon two topics arising under the consideration of the position as regards to London Lines. The first of these is the addition which should be made to the total of vehicle movement costs with the terminal documentation, and so on, expenses. This is probably technically a matter to which submission by Counsel can be of little value to the Tribunal. There are two percentages canvassed on either side for this addition, 32 per cent. on one side and Mr. Hill's 25 per cent. on the other. And it may very well be that on the evidence—

(President): 33½ to-day.

(Mr. Geoffrey Lawrence): Yes, I am obliged—33½ to-day. It may well be that on consideration of the evidence and on what you have heard on previous occasions you are already in a position to form a view (if you have not already done so) as to which, if either, of these figures is the most likely multiplier. It is, of course, I think everyone would agree, a field in which precision is impossible, and in which, as a consequence, there is room for error. It is perhaps noteworthy that the original 32 per cent. is a figure which was derived, as I understand it, by finding out what ratio the total of the terminal expenses bears to the total costs of vehicle movement for the system as a whole. And that figure was found to be 32 per cent., now taken at one-third. But if that figure is right for British Railways as a whole, it does not, in my submission, at all necessarily follow that it is right for London Lines where the circumstances are quite peculiar. It is also, if I may say it, noteworthy that although this topic has been a matter of controversy for some time now, the Commission have not themselves worked out, or have not attempted to work out, any even approximately accurate figure. They

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have pinned their faith to the derived figure, loaded it slightly this time—and again it is an instance, if I may say so with respect to them, of their mental attitude to this problem. It is a figure which no doubt is adequate and satisfactory for internal purposes, but when one comes, as in an Enquiry like this, to work out a budget for London Lines as a whole, it is matter which is certainly proper to be investigated with as much nicety and fineness as is possible.

Mr. Hill, you will remember, approached it by considering (I think he said repeatedly considering since the previous occasions) the nature of the expenses included in this category against the background of the facts in London. Whether it helped you or not I do not know, but we took some little time in the course of his evidence in dealing seriatim with the particular expenses which go to make up the total of the category, and he discussed them in their factual nature in detail. And in the end, I think that his evidence was that, with the exception of two items of ticket issue and ticket collection, where the incidence of expense may be higher in London than outside, in the case of all the other items it was, on a reasonable interpretation of the facts, clear that the incidence in London of the expenses must be less than outside.

I waited yesterday for the time when my learned friend would tackle that part of his evidence, and suggest that his deductions upon these various headings were in some way mistaken, but I waited in vain, and it appears that one is left on this occasion very much as one was left on the former occasion with the bare statement of the Commission that although in the case of some items of expense under this head in London you may find, or very well and plausibly say, that the incidence of expenses is smaller than outside—notwithstanding that in the case of others it is higher, and balancing one against the other there is nothing in it. That may be right or it may be wrong, but on any view of it, it is a very very broad and imprecise way of approaching the problem. And one would have thought, or so I submit, that at any rate at this stage in the history of the matter, some more precise evaluation would have been made to submit to the Tribunal on this occasion.

The reason why it has not been done may be, as far as I can see, two-fold. It may be that the Commission are still content here—as they are content on the subject of interest allocation and on the subject of the abnormal maintenance, to say “We have considered it and we think that such and such is fair”, and, without going so far as to put the phrase, adding “You take it or leave it at that.” It may be that the reason why the matter has not been pursued is that there has been no attempt on this occasion to produce a separate budgetary statement for London Lines. Therefore, as they were not going to do that, it was not necessary to tackle with any greater detail this question of the loading for terminal expenses.

As I said before, it is so much a matter of fact that I feel a difficulty in making any useful submission upon it to the Tribunal. It is so much a question of evidence that you may come to the conclusion that perhaps neither of those figures is the appropriate figure. But at any rate all I can say again on my side is that we have done our best to consider every relevant fact, however small, in a total picture; we have sought, as you know, for all the information that we can get, with a view to providing the material against which I could test the validity of the Commission's addition of one-third. And it would be quite enough for my purpose if I had succeeded only in this, in so shaking the Commission's figure of one-third that you no longer felt you could rely upon it. It is not strictly my task positively to establish the right figure but the evidence that I have must, I should have submitted, on any view, have thrown an element of considerable doubt about the validity of one-third as being a figure which is correct for London Lines, whatever it may be for British Railways as a whole.

(President): What are we to do? You have shaken it.

(Mr. Geoffrey Lawrence): If I have shaken it, Sir, I have shaken it in the sense that I have taken it as a ceiling. I could not possibly regard it as being the true figure, and the true figure must be something less. Whether it is as large as my 25 per cent. is a matter which I am bound to leave to the Tribunal, because in the end my figure of 25 per cent. was Mr. Hill's opinion that instead of 15.2 per cent.—I think the figure of total terminal

expenses allocated to London Lines on the basis that London Lines vehicle movement cases worked out at 15.2 per cent. of the total vehicle movement costs—he could not see that any percentage of cost attributable to London Lines could be higher than 12 per cent. But that figure of 12 per cent. is still open.

(President): If the vehicle movement figure—if Sir Reginald Wilson's vehicle movement figure of £12m. be right, then—accepting Mr. Hill's percentage of 25 per cent. and the surcharge of 26½ per cent.—he gets up, for total expenses, to £19m., or just under. That is £1m. less than Sir Reginald Wilson. On that figure I am assuming that the re-calculation by Mr. Hill of receipts is right. He put on an extra £100,000. And assuming that Mr. Hill's figure for central charges is wrong, and the right figure is £2m., London Lines for “Y” year will come out at a deficit of about £0.7m.

(Mr. Geoffrey Lawrence): That is quite right.

(President): I have omitted, I am afraid, the parcels item of £0.3m. Omitting parcels, that approach will leave London Lines for “Y” year a deficit of £0.7m. That is, accepting Mr. Hill's percentages of Sir Reginald's vehicle movement costs.

(Mr. Geoffrey Lawrence): And the amount of the vehicle movement costs was the second topic in connection with London Lines, upon which I was going to venture to make observations.

(President): I am seeking to find out for my own satisfaction where the pinch—if I may call it so—really is.

(Mr. Geoffrey Lawrence): If I can make my submission—and I think this is the last topic on which I have anything that may be of use to the Tribunal—may I say something now about that figure of £12m. As an introduction to what I shall say about that, I cannot forbear to draw attention to the manner in which the evidence was put before the Tribunal, and I hope that I am not merely making an advocate's point in this, but a point of substance, that I am drawing attention to something that is of substance—hitherto on all occasions you have been furnished in the shape of an exhibit with what I unrepentantly call a budgetary statement for London Lines. When the exhibits were deposited in this Scheme they were notable for the omission of that budgetary statement. There was a complete budgetary statement, as we had in the past, for London Transport Executive but there was complete silence about London Lines, with the exception of one short paragraph, in the explanatory statement, where they said in effect that on such broad estimates as it had been possible to make, it looked as if London Lines would either break even or there would be a small surplus. There were no details given at all. And it is quite plain from the line of cross-examination that was taken before Easter of Mr. Hill, that attention was intended to be focused on the position of London Transport Executive to the exclusion of London Lines. Of course that position falsifies what I have described as the common ground of approach between the two sides, namely, that we have to find out what London, as a whole, including London Lines has got to pay, but it is pretty plain, in my submission, that originally it was intended that this Scheme should be justified by reference to the position regarding London Transport Executive, and with regard to increased costs since the last occasion, London Lines being left on one side with the bare statement that there was nothing in it one way or the other to make it worth while bringing them into account. If there was anything it was on the plus side rather than on the minus side, and if I may just in passing remind you that in 1950 when assimilation of fares was a major issue, considerable emphasis was placed upon the necessity of including in any budgetary statement for London the position with regard to London Lines. That was followed again in 1951 with the exhibit to which I have already referred in the course of the evidence, which set out in one exhibit two calculations, one for London Transport Executive and one for London Lines. This time it was pretty plain that the justification for the increase sought by this Scheme was going to be done by reference only to London Transport Executive.

Then came our original tables, which we looked at as a whole, and when you proceed from one to the other it was made quite plain that we were going to do what the Commission had done in the past, namely to present the Tribunal with a complete budgetary statement for

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the London area as a whole. And it was obvious from those tables—though not to such an extent as appears from the substitute tables—that we were going to draw attention to what we said was a substantial accumulated surplus by London Lines, and indeed in the latest period was—I think I am right in saying—an actual surplus. Now if that position as disclosed by our tables was going to go unchallenged, of course, it made a considerable rent in the Commission's case, basing it as they were intending to base it, and as they based it in their statement to the Press, on the premise that London was required to do no more than pay its way. If one could show that on part of the activity there was a surplus, it would be a very material and relevant factor to be taken into consideration whether London was a mere advocate's point but a point of substance, but it is remarkable that the necessary evidence, from the Commission's point of view, to mend that rent, or stop up the gap which we had torn or breached by our tables, could only have been given at this stage in the form of evidence. Sure enough it came, when Sir Reginald Wilson was in the box when he spent some considerable time in telling you about his computation of working expenses of London lines. But this came in at a late stage, which is perhaps remarkable in itself, but it came in (if I am not being unfair about it), for the purpose of filling up the breach in their case, which our tables looked as if they might be able to make.

If that is the background of the matter, it is interesting to see what the evidence was. Here for the first time in the history of his matter we find that the old formula which has always hitherto been used for the calculation of working expenses on London Lines has been not wholly or faithfully followed; not with the result of lowering the total of the working expenses but of increasing it. And it involves this point—which I submit it is not unfair to point out—that the result of abandoning the formula is to show not only that the figure of £12m. now produced is the right figure for this year, but it goes so far as to show that the figure of £10.6m., which was the figure given last time, was wrong. And wrong because it was the result of the application of the formula, untrimmed, unaltered, and a formula which had been used for many years; a formula which is now altered in such a way that it must be retrospective over the period for which £10.6m. was the computed figure. When you test that evidence against the background that I have indicated, and its introduction, it would be reasonable, in my submission, to scrutinise it carefully for its accuracy, even if there were no other grounds upon which it can be criticised, but there are, in my submission, other grounds upon which the £11.2m. can be criticised and strongly criticised.

As I made quite clear at the start, I am quite content to accept £11.2m. as the total of working expenses, because it is harmonious with what has been done in the past by the Commission themselves. It is the result of the total application over the whole field of a formula which they say has been adjusted from time to time, with as much accuracy as human ingenuity can devise, but when it comes to departing from that by way of addition, by way of the total addition of £0.8m., well then I am bound to part company with them and to criticise—not unfairly I hope—the grounds upon which their addition or additions is or are made.

To begin with, they had £0.4m. on two heads—extra costs of heating and lighting and Saturday evening wage rates. I think I am only repeating, probably less well, what Mr. Hill himself has said when I submit that that is all very well, but these are two instances of the very things which are themselves the subject of the adjustments to the formula from time to time in order to have a formula that is usable at all. These formulae over the years are subject to pluses and minuses of an infinite number and an infinite kind, and when you say well, the old formula as it was will not work now because we have got to pay extra Saturday evening wage rates, or the heating and lighting of our trains is costing us more, what I should do is not to apply the formula as it stands, get an answer and then load the answer for those two items, but to adjust the formula to take account of those items themselves.

To put it another way, and I hope this does not overstate my case here, one can hardly imagine Sir Reginald defending a calculation of that sort, a calculation put forward in that manner, unless it was necessary to get the

working expenses of London Lines as high as possible for a specific reason. Therefore I say first of all that that addition of £0.4m. is suspect for those reasons and not readily to be accepted, but of course they are not content with that. They go further and then say the total figure ought to be £12m. The way that has been done has been so clearly indicated in evidence and the criticism of it was so fully made by Mr. Hill, that I do not wish now to repeat it, but it is subject to the same remark I made about the £1.4m., that one cannot imagine Sir Reginald putting that figure forward in that way unless he was anxious, as I say, to get the figures of working expenses of London Lines as high as possible. It is important of course for the Commission's case that that should be done. I would respectfully submit, Sir, in a field where uncertainty is rife, as it is all over the field covered by London Lines, that you as a judicial tribunal would hesitate to depart from the application of a tried formula, which has been put forward and relied upon by the Commission in the past unless you were satisfied that the method of computation urged in substitution of it was entirely free from possible objection on the ground of uncertainty.

It may very well be that the £12m. in fact arrived at, as we know it has been arrived at, is nearer the correct answer. I am quite prepared to let anybody have a guess, or if I may be permitted the observation, a bet, on that, but this is not really a guessing matter, or indeed a betting matter. In a case of this sort on approach must be cautious and it must be as scientific as possible. Let them come forward with a revised formula, let them come forward with a homogeneous and total approach of another kind if they will, but let them not, in my submission, make the best of both worlds, apply their own formula over certain areas of the Inquiry, and then load it up by certain other considerations and certain other matters in the remaining field.

That is my criticism of the manner in which the evidence has been put forward and the substance of it. I respectfully submit, as I say, that you should hesitate to depart, having regard to all those matters, from the £11.2m. which was quite good enough for them in the past, but is not good enough for them today, when they never originally intended apparently, by way of any exhibit at least, to supply the Tribunal with the information at all.

I can end what I have to say on behalf of my clients by drawing your attention to the fact that this time, at any rate, whatever its value to the Tribunal may be, we have put forward in our series of tables and revised tables a complete budgetary statement in which every, or almost every, detail that anybody can ask for can be found, supported by the evidence of Mr. Hill. Much of the information contained in the tables, of course, is non-contentious. The result is to present you with a picture which shows in the end that the difference between revenue requirements and receipts upon the present fares is negligible; in other words that there is no case for any increase. And if you were minded here and there not to accept what Mr. Hill says, here and there to strike out items like parcels—although, because I am not canvassing it in detail, I would not like anybody to think that I have abandoned it now—still there is no case for the £5m. to £6m. increase in revenue which is sought by this Scheme.

It is put forward, as I said when I began my submission, by an independent investigator from the outside of the Commission, not from the inside but from the outside, viewing the matter as objectively as we can, to give you a criterion by which you may be able to judge the value and validity of the Scheme which is under consideration. And in my very respectful submission to the Tribunal, when this Scheme is measured against a complete budgetary statement of that kind, which again I repeat has not got its counterpart in the documents adduced by the Commission, then I venture to submit that the case for the revision sought has failed.

That is all I have to say and I hope at any rate some part of the time that this Objection has taken has been of assistance to the Tribunal.

(President): I am very grateful to you, Mr. Lawrence, and not least for the brevity within which you have been able to compress your final speech. I hope we have not

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embarrassed you, and I am certain nothing would embarrass Mr. Hill, by any excessive interventions from the Bench.

(Mr. Geoffrey Lawrence): Not at all, Sir, as I was meeting these matters for the first time any sort of intervention by those who have more experience than I have has always been helpful.

(Mr. Glover): May I mention the Brighton Objection at this point? I understand that Mr. MacLaren will be producing evidence next, and then there are three Objectors who want to come on to-day. I wondered in those circumstances if you could say whether you could see any possibility of my being called on this afternoon. I make this application because it would suit me personally if I could be released this afternoon, but I do not want to put the Tribunal in the position of finding they have time and nothing with which to occupy it.

(President): Have you discussed this matter with Mr. MacLaren?

(Mr. Glover): As far as Mr. MacLaren is concerned, he is next but will not, as he sees things at the moment, take up the rest of the afternoon.

MR. FREDERICK GEORGE ISAAC, SWORN.

Examined by Mr. MACLAREN.

6472. Is your name Frederick George Isaac?—Yes.

6473. And do you live at 7-9, St. Brides Street, London, E.C.4?—Yes.

6474. Mr. Isaac, I think you are Secretary of the London Printing and Kindred Trades Federation?—That is correct.

6475. And you have been instructed by the Executive Committee of your Union to be here and give evidence?—That is so.

6476. Could you first tell the Tribunal of the membership of your Union?—My Federation comprises and organises over 100,000 printing trade workers who work in the London Area. I might also add that the printing trade workers throughout the whole of Great Britain approximate 250,000, so I am representing about one-third of the whole of the printing trade workers in the United Kingdom.

6477. I believe in your trade the times at which the men and women have to start work varies according to the work they have to do. Is that right?—Yes.

6478. Could you give some examples of how it works?—Yes. One could say broadly that because things are happening throughout the whole of the world, all the time, there are printers, and all the various kindred tradesmen, at work throughout the whole of the seven days of the week. But to be a little more specific than that, I think it would be fair to point out that each department reports for work at varying times throughout the day. Obviously the journalists who prepare the copy start work first and finish earlier than the remainder; and then you get the next department, the compositors, starting at about 3 to 4 o'clock. The machine department starts at 5 or 7 o'clock. The distribution section and van drivers start about 10.30 p.m. Those engaged on Sunday newspapers start work some time early on Saturday morning, at about 8 o'clock, and go right through until the packers and distributors start, from 6 o'clock to 10, in the evening.

6479. Is nightshift work common in the printing trade in London?—Yes. It is not only common but it is essential if the print is to be produced.

6480. (President): You are talking about newspapers?—Not only newspapers, periodicals and general printing as well.

6481. Is nightwork essential for general printing?—For Parliamentary Minutes and that sort of thing, yes.

6482. And our transcript no doubt?—Yes.

6483. (Mr. MacLaren): Members of your Union have made use of the shift-workers' facilities?—Yes, I can almost say from time immemorial. It is an integral part of the printing industry. It has always been the custom

(Mr. MacLaren): I have two witnesses and I imagine they will both be very brief. One for London County Council and one for the Printers' Federation.

(President): You have two strings to your bow, have you? Are you proposing to address us after those witnesses?

(Mr. MacLaren): I prefer not to.

(President): Then the real point is who else is here who would like to address us this afternoon? (Four objectors indicated that they wished to address the Tribunal.) Very well, then I think we will not decide in what order we will take those who are ready, but I should like to be able to take them by reference to the time which they have already spent in this hall; those who have been longest should be taken first. We will deal with Mr. MacLaren's witnesses. We will not expect you to remain with us, Mr. Glover. In other words you will be free for today. How long will you be when you are called upon?

(Mr. Glover): About an hour or an hour and a half.

(President): Do you know the number of this Objection, Mr. MacLaren?

(Mr. Harold Willis): 46.

and practice of our industry, as probably of other industries, that people who report for work at varying times do have the advantage of the shift-workers' ticket.

(President): There is nothing in your Objection about shift-workers is there?

6484. (Mr. MacLaren): I thought there was. No, it is not directly mentioned. It does go to the question of limitation of the Scheme. That is in fact how the shift-workers facility has been preserved, by the Government intervention. It is part of the so called "sub-standard fares". We know, Mr. Isaac, that there is no provision for the shift-workman's ticket in the Scheme that is proposed, and we know that its existence has been preserved by the Government intervention. What do you wish to say about its removal if that should happen?—My considered opinion, and also the opinion of my Executive Committee who are in very close touch with the printing trade workers in London, is that if these shift-workers' tickets, and the facilities thereunder, are removed we are going to experience a considerable amount of unrest in our industry. Already at our various delegate meetings constant questions are being fired at us regarding transport, the fares, the possible removal of shift-workers' tickets, and so on. I personally am being visited by members who wish to know if I can tell them if the shift-workers' tickets are likely to be retained, so that they can get in on the ground floor, as it were, for employment outside the centre of London. In their own minds—I assume this; I am being rather cagey about it to my members—they are thinking it would probably pay them to seek employment locally.

6485. What about the effect of the housing programmes upon your members' place of living in relation to the place where they work?—I think it is an obvious fact that in recent years the tendency is for a worker's home to become further and further removed from his place of employment. Now estates are being built as far apart as Orpington, on the one side, and Harrow on the other side of London, which all tends to bring about hardship in the travelling and an increase in the fares a man has to pay.

6486. Have you found that affected the willingness of your members to come to work in the printing houses in the centre of London?—I have found that there is not the readiness that there used to be, but there is a terrific amount of, shall I say, individual negotiation going on by my members with prospective employers regarding payment of moneys over and above anything we, as an organisation, can agree. In other words members are saying to prospective employers, "I can come and take this job"—and there is a shortage at the moment of skilled printers—"providing you can pay me x shillings or £x over the agreement in order that I can meet my commitments." It is a thing the employers are complaining about to us very bitterly and, may I add, very frequently.

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[Continued]

6487. I think something was said by Mr. Valentine about the importance to the London Transport Executive of the good will of their passengers. In your experience in the Union, what have you found is the feeling of your members as a result of the recent increases in fares and the proposals that are now before the Tribunal?—I think that is what is known as a leading question. I cannot repeat many of the comments that have been made to me personally in a Tribunal of this description, neither can I repeat many of the speeches which are being made by my members at delegate meetings. But I would say there is a very considerable loss of confidence by my members so far as the increase in fares is concerned. They have other points of view as well regarding the facilities which are afforded them for travelling to and from their work at most odd and peculiar hours. Adding the whole lot together I think their attitude is that they, being in a position of having no alternative means of getting to their work, feel that they are what the Americans call "suckers."

6488. (President): Who is sucking, according to your members? Who is sucking them?—They consider in this case, since we are dealing with transport, that they are being sucked for this additional fare which they are called upon to pay.

6489. (Mr. MacLaren): A reference was made by Mr. Harold Willis in opening about the expenditure of people on smoke, drink and gambling. I think you have something you wish to say about that?—Yes. I believe on page 23 of the transcript of the Fourth Day Mr. Harold Willis did point out that any increase in the fares was unlikely to produce any real hardship on behalf of anybody on account of the money that is spent yearly on cigarettes, beer, television and football pools. I do not know what Mr. Harold Willis knows about it, but I can inform him quite definitely that to drink beer, smoke cigarettes, or to have a television set is not the monopoly of the worker. I think it was an unfair criticism of the workers, and I would like to point out that it got a considerable amount of publicity in the Press that day. It is an unfair criticism to say that the workers are the only people who have a flutter, have a drink or go in for football pools. I am certain that Mr. Harold Willis would not suggest that the only reason that a man goes to work is to earn enough money to pay his fare to get there. If we do ever arrive at a state of affairs like that, I suggest the incentive, not to produce more, but even to work will be lost to the worker because he too likes to do things that are removed from his ordinary, everyday, humdrum task. I have some documentary evidence regarding gambling statistics which is produced by the Churches Committee on Gambling, who seem to take an interest in this matter. I do not know whether you consider it advisable for me to make any comment on that.

6490. What figures are given?—In 1951 it is estimated by this organisation, the Churches Committee on Gambling, £600m. was spent on gambling, and in 1952 £575m. was spent on gambling. They give specific details which I do not suppose you would want me to go into, but it does look as though a proportion of the money spent on gambling by the workers has in all probability been transferred to their payment of additional fares.

6491. (President): What do you mean by workers? Who are workers?—Perhaps I am leaving out the qualifying word. I am representing in the main manual workers, people who start work in the main, shall we say, at eight o'clock in the morning and have to work through at the same old monotonous job until about 5.30 or 6 o'clock in the evening.

6492. It sounds like a Tribunal of Inquiry.—In that case, if you are in the same position, may I offer to you my heartfelt sympathy.

6493. (Mr. MacLaren): While we are on this question of drink and gambling, I think you have extracted figures from the Preliminary Estimate of Expenditure, Command Paper 8803?—Yes. I do have a copy of the Preliminary Estimates of National Income and Expenditure, Command Paper 8803.

6494. Is it on page 5 that the estimate of outlay on drink and tobacco appears?—Yes. It does state on page 5 that the estimated outlay on drink and tobacco in 1948 was £1,527m.; 1949, £1,478m.; 1950, £1,501m.; 1951, £1,589m.; 1952, £1,643m. Those are the amounts spent on drink and tobacco in those years.

6495. (Mr. Sewell): Have you worked out how much per family per week or per year? Do you know how many families there are in Great Britain?—No, I do not, I am afraid.

6496. (President): You know there are about 50m. people.—We do know, but how they are subdivided into families I do not know.

6497. It comes to £32 per head per year that has been spent on drink and tobacco, including babies in arms, teetotalers, non-smokers and the rest, does it not? That is an average figure. We are talking about averages.—This is a Command Paper where they give these personal incomes and outlay statistics. I would like to point out that the increasing amount probably is not increased consumption but increased cost.

6498. Increased expenditure. It is about £32 per head of the population including, as I said, infants in arms and everybody—£32 per head on drink?—Yes; I am not disputing those figures, but you see I cannot subdivide it by the number of families, neither can I subdivide it as to which portion of the population spends the greater amount.

6499. (Mr. MacLaren): Are you wishing to show, Mr. Isaac, that the well-known increase in the price of tobacco and drink between 1948 and 1952, set against these figures, would show an increase or reduction in consumption?—It actually shows a reduction.

(President): Mr. MacLaren, you know that particular point is irrelevant. No one is suggesting it is a bad thing that people should drink or smoke. It is a suggestion which would find very little favour on this side of the table! The only reference that has ever been made to these figures has been made for the purpose of meeting the contention that an additional expenditure, whatever it may be, half-a-crown a week, a shilling a week, or sixpence a week, is imposing on the average person an intolerable burden. No one suggests it is not a good thing to drink or to smoke.

(Mr. Harold Willis): I certainly did not suggest it. (The Witness): Then I must beg the Tribunal's pardon because my impression was that what Mr. Willis was saying was that it is a bad thing to drink and to smoke and to spend money on football pools if at the same time you are not prepared to pay additional fares to the British Transport Commission.

(President): I did not understand Mr. Willis to say it is a bad thing to drink or smoke.

(Mr. MacLaren): I think it was really the way the matter was reported.

(Mr. Harold Willis): If you want to see exactly what I said it is on page 28 of the transcript. I will read it and then Mr. Isaac can see exactly what I did say. "By and large, can it really be suggested that these increases will cause hardship? When one thinks of the amount of money which is spent year by year on cigarettes, beer, television and football pools, can it really be said that the impact of these fares increases is going to produce real hardship?" Nor did I distinguish between manual workers and anyone else. It was a perfectly general statement to try to put the thing into perspective.

6500. (Mr. MacLaren): The proposed increases of fares are only part of the increases in the cost of living. Do you wish to say a word about the difference in your experience between increasing wages and the increasing cost of living?—Yes, I would like to make some comment about that. Quite obviously the increase in wages does not keep time with the increased cost of living. In my own industry we did three years ago come to an arrangement with the employers for a five years' stabilisation period. I, in company with other Trade Union officials in the industry, am finding it extremely difficult to get the members, collectively rather than individually, to observe the terms of that particular agreement. I do not think that their agitation is their desire just to obtain additional money to put in their pocket, but rather in order to meet their commitments. The proposed increases in fares and the increases we have already endured are just a part of the whole situation which is existing today. When one is charged to keep an agreement in an attempt to maintain harmony in the industry, any additional costs which are likely to be put upon one's members can only create in their minds a feeling that there is only one way to solve it, and that is to go to the gov'nor and say we must have an increase in wages. I am experiencing that continuously, and finding it extremely difficult to maintain an even keel.

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[Continued]

Cross-examined by Mr. HAROLD WILLIS.

6501. Mr. Isaac, are you the Secretary of the Printing Trade and Kindred Trades' Association?—I am Secretary of the London Printing and Kindred Trades' Federation.

6502. What would be the average earnings of a member of your London Branch?—Perhaps I should explain that I am not a London Branch, but a Federation of London Branches, comprising 17 different London Printing Trades' Unions. I have not struck an average, but the earnings range from a minimum of £6 15s. a week to something in the region of £15 to £16 a week.

6503. (President): That is the average, is it not?—Many of my workers work on piecework, so one cannot state the maximum. I can give you a minimum income, and the maximum I suggest would be between £15 and £16 a week on piecework.

6504. (Mr. Harold Willis): Is that on piecework or actual earnings?—The higher figure would be on piecework.

6505. Of course there is no doubt at all, Mr. Isaac, is there, that the printing trade as a trade is well paid, one of the better paid trades, because it is a skilled trade?—It is a highly skilled trade.

6506. And well paid?—If I can insert the word "reasonably" and say that it is reasonably well paid I will agree with you.

6507. And it has had a number of increases in wages over the last year or two?—No.

6508. When was the last wage increase?—1950. We had an agreement for stabilisation for five years.

6509. The London employee gets a higher rate than the provincial employee? What is the dividing line between London and outside for the purpose of the higher rate?—A 15-mile radius from the General Post Office.

6510. Were you responsible for the drafting of your Objection?—In the main, yes.

6511. I have it in front of me, the first thing you are saying is that the Draft Scheme should be rejected *in toto* as being an inequitable and onerous burden to thrust upon fare-paying passengers?—Yes.

6512. If the fact is established, Mr. Isaac, that at the present time the traveller in London is not paying for the cost of his services, would you consider it inequitable that increased fares should be imposed?—If that is an established fact, and if it is so that the traveller to and from his place of employment is not paying his way, then I would say that I would accept what you suggest.

6513. I will deal with the shift-workers' point in a moment. Then you say: "That the scheme if confirmed will result in further applications being made by employees for wage increases which if successful will render inevitable a further application by the Applicant to raise the fares." Do you seriously suggest that the small amounts involved in this Application will have that effect?—Higher fares are a contributory factor to the overall expenditure in a man's wages. I think it will be a contributory factor.

6514. But as an impact on the individual, a very small factor?—If this Application is successful I am not aware how much per day additional fares my members will be called upon to pay.

6515. What did you imagine would be the extra burden?—I should say anything between eighteen pence and 2s. a week.

6516. You regard that as a big factor?—Yes; it represents one day's lunch for my members.

6517. Then the next paragraph says: "Frequent successful applications by the Applicant over the past few years to increase and/or vary the fares culminating in the present one indicate the need for an entirely different method being adopted to improve the Applicant's financial stability." What method do you suggest?—I am not an expert on transport, but I do think it is possible to devise a method which is very different from the one that is continuously being made by the British Transport Commission of saying we shall increase the price of the commodity with which we supply you. You see it is a simple economic fact, and one which I repeatedly tell my members, that if the commodity which you produce, as the result of any continued application for increased wages, becomes so expensive that no one can purchase it, then it is useless to provide it.

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6518. Do you suggest we go out of business?—No, but I suggest there are ways and means whereby it is not absolutely essential to increase the fares from year to year.

6519. We are most interested, Mr. Isaac, in this paragraph. We are anxious to get your assistance in this matter, and we are anxious to know how we should set about it?—I understand that I am not permitted to refer to certain Acts which exist, and consequently I am only suggesting to you that that particular angle should be examined rather than you should keep asking the poor passenger to pay more.

6520. I thought we should get to that point sooner or later.

(President): That means someone else should pay?—For what?

6521. (Mr. Harold Willis): The taxpayer.—for what?

6522. The Commission, as I understand you, should be relieved of the burden of the unprofitable services which would have to be paid by somebody else, namely, the public in general.—My members are the public in general; you cannot remove them from the unfortunate position of being taxpayers.

6523. Does it matter to the members of the printing trade whether they pay an extra 1s. 6d. per week in fares or in taxation?—If the 18d. is to come out of his pocket, no. But I am not in a position to say whether, if he did not pay an extra 1s. 6d. a week in fares it would automatically mean 1s. 6d. increased taxation. I do not know that. I am not prepared to say that it would.

6524. A little while ago you said that you had not had any wage increases since 1950. Were you ignoring the fact that you have a cost of living bonus system under which you do get automatic increases as the cost of living goes up?—I was ignoring that fact.

6525. So in fact you have had actual increases in wages due to that factor?—We have had an increase in the cost of living bonus, but that is not a wage.

6526. But it increases the amount of the pay packet?—It increases the amount of the pay packet, yes; but it is not assessed in the hourly rate. There is a distinction, despite some of the ribaldry. There is a distinction between the cost of living bonus and a man's wage.

6527. The next paragraph in your objection says: "That this Draft Scheme if confirmed will not establish the Applicant on a sound financial basis nor preclude any further application". Are you supporting that objection?—Yes.

6528. Will it not improve the position of the British Transport Commission to the tune of the increases which the Tribunal may sanction?—Undoubtedly.

6529. So we shall be better off financially as a result of this?—Of course, if you get these millions of pounds for which you are making application, undoubtedly you will be better off.

6530. Then "5. That there is no justification for the proposed variation in fares and that in particular the increase in the early morning fares will inflict considerable hardship upon the Federation's members". The amount of increase in early morning fares is the minimum that is possible. You appreciate that, do you not?—Yes.

6531. They are very small increases indeed. Do your members appreciate that the facility for early morning fares on buses is something that has only recently been provided for their benefit?—Yes, they do appreciate that.

6532. So they have had some considerable advantage from the point of view of early morning fares recently?—They have had an advantage on buses, but I think you will find that the majority of my members live sufficiently far away as to have recourse to train travel. Because of transport jams the buses are apt to get the workers late to work. In my industry if the worker is late he loses money.

6533. Because he is on piecework?—No, not only that. If he rings in on the time clock at 8.1 when he is due to start work at 8 o'clock, he is stopped a quarter of an hour's pay. He is deemed and considered to be a quarter of an hour late in that case.

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MR. FREDERICK GEORGE ISAAC

[Continued]

6534. That is a matter which perhaps your own Union might take up.—We take up many points as a Union, but it is not only the function of a Union to obtain better conditions for their members; it is also to preserve harmony in industry. That is why I am here this afternoon.

6535. For the purpose of preserving harmony in industry?—I am hoping to prevent any disruption of the agreement into which we entered for a five years' stabilisation period.

6536. Do you think there will be any disharmony if this Scheme is granted?—I think it will be a factor.

6537. You say "the Applicant's financial commitments are in serious need of overhaul and review and should take priority over any application to increase and/or vary the fares structure." Are you persisting in that?—Yes. But there again I can only touch lightly on the suggestion because I understand we are not permitted to discuss this particular Act which exists. But that is a reference, albeit a tacit one, to that situation. The last one says: "The Draft Scheme to vary the fare structure should be substituted by a different scheme whereby any increase in the fares should be spread over the country and so reduce the burden on the fare-paying passengers of London". Do you think that London fare-paying passengers should not pay the cost of their travel?—No, I am not suggesting that. What I am suggesting—and I stand to be challenged on these figures—is that 90 per cent. of the population in London have to pay fares in order to travel to their place of employment, whereas in the provinces in all probability their employment is within walking distance of their homes. Therefore it does appear to me obvious that the greater returns will be from the capital because everyone is travelling.

6538. Then there is a greater likelihood of the Commission's finances being put on a sound financial basis by this Application.—Undoubtedly, because there is a greater number of people in London.

6539. You have mentioned shift-work, although it is not mentioned in your Objection. Do you study in the course of your duties the reports of the Central Transport Consultative Committee?—I am afraid not.

6540. Perhaps I might suggest that you do consider it when you consider shift-workers' facilities, because on page 11 you will see the heading "Indefensible Character of Shift-workers' Facilities". They have taken the view that shift-workers' facilities are not justified.—Yes, I am aware that there is a considerable number of schools of thought about shift-workers' facilities. Possibly I am an extremely dense individual, but I cannot for the life of me understand why, if a man leaves home at 7 o'clock in the morning to travel to his employment, or if a man leaves home at 7 o'clock p.m., there should be a difference in fares. They are both travelling in order to get to their place of employment, not for any whim or pleasure. They are both travelling in order that the wheels of industry can turn over in this great country of ours.

6541. Mr. Isaac, if I travel to the Tribunal at 10 o'clock in the morning should I have that facility?—If you are successful in obtaining it I wish you every luck.

6542. Your view is that everyone should have these facilities?—I do feel that there is some responsibility on the part of the transport authorities to get working people from their homes to their places of employment as reasonably as they possibly can. When a man leaves his home he usually has an hour's travelling to his place of employment and then another hour's travelling back home. He may be able in his more expansive moments to say he works a 9-hour day; but I should say myself that he is working, including his lunchtime, a 12-hour day, and he is paying fares for that. We cannot all live near our place of employment, and probably it is not desirable that we should. I think special consideration should be given to the man who is travelling to and from his place of employment.

6543. The last matter is one on which you apparently take some offence. Apparently you take some offence at something I said on the third day of these proceedings?—You are Mr. Harold Willis?

6544. Yes.—Yes. I do take some offence at those statements.

6545. Do you dispute the fact that members of your union spend considerable sums of money on cigarettes, television, beer and football pools?—I am perfectly aware of the fact that they spend money on beer and cigarettes; I have seen them do both. I have never seen them filling up football pools.

6546. Not during working hours?—No, nor have I seen them looking at television.

6547. You have great experience of these matters. Give me a rough idea how much one of your members, earning say £14 or £15 a week, spends on these activities—£2 a week?—I would rather give you a rough idea of how much one of my members earning say £6 15s. 6d. spends on it. Which activity would you like me to select?

6548. Let us say cigarettes.—I have seen some of my members having a couple of draws at one of the cheapest brands of cigarettes and stubbing it out, putting it in their pockets in order to smoke again so they will have the taste of tobacco for the longest possible time, I presume. Ten of these cheapest cigarettes are 2s. 9d.

6549. They are not 2s. 9d. for 10.

(President): Do you smoke cigarettes which are 2s. 9d. for 10?—My members pay me rather more than they get themselves and I am able to smoke cigarettes which are 3s. 7d. One must not state a specific brand here, so I cannot say what cigarettes they smoke.

6550. (Mr. Harold Willis): Let us assume that he spends half-a-crown a day on cigarettes; that is not unreasonable. That is something over 12s. 6d. a week spent on cigarettes. They probably spend a bit on beer as well?—I do not know. You see most people in this low income group today have to make a decision, whether to drink alcohol or beer, or smoke. Many non-smokers remain beer drinkers.

6551. They nearly all do football pools as a second string, I presume?—I do not know; they never consult me on football pools.

(President): Mr. Willis, I do not want to instruct you how to cross-examine, but I do not think this is really an issue of average figures—one knows what an average persons spends. There must always be some people who spend more than £30 a year, and some who spend less. Printers may be a class of people who, on the average spend more, and there may be others who spend less.

(The Witness): As they are a highly intelligent body, Sir, probably they will spend less.

(President): I do not know whether intelligence comes into it.

6552. (Mr. Harold Willis): There is just one last question, Mr. Isaac. Regarding the figures you gave for earnings, did they exclude the cost of living bonus?—Yes, they did.

6553. What would the total figure be in respect of £6 10s. 6d., if we include the cost of living bonus?—The cost of living bonus at the moment is producing 24s. 0d. per week.

6554. So that it is £7 14s. 0d.?—That is right. To be fair, these are the unskilled workers in the industry.

6555. What is the lowest wage of the skilled worker?—£7 15s. 0d., excluding the cost of living bonus.

6556. Making the total something of the order of £9 0s. 0d. a week?—Yes, getting on for that.

(The Witness withdrew.)

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[Continued]

(Mr. MacLaren): I should like at this stage, Sir, while the next witness is getting ready, to ask leave to put in one further table. The object of the table is as a result of the evidence which has been given, and information supplied, to make a round assessment of the urban traffic in the provinces, which is set out in a form which is not dissimilar to the form given for London Lines. (Document L.C.C. 108 handed.)

(President): It is all based on evidence given?

(Mr. MacLaren): It is all based on evidence given, Sir, and certain information received since which is not in the transcript.

(President): It is information received from the Commission?

(Mr. MacLaren): Yes, Sir.

Mr. JAMES ALFRED CORNELL, sworn.

Examined by Mr. MACLAREN.

6557. May we have your full name?—James Alfred Cornell.

6558. I think you are Principal Assistant in the Housing and Valuation Department of the London County Council?—Yes.

6559. You are a Fellow of the Royal Statistical Society, and of the Associated Institute of Housing?—Yes.

6560. I think you prepared the statistical material for the London County Council Objection in the London Passenger Transport Board Inquiry of 1946?—Yes, I did.

6561. I think you were also concerned in the Main Line Inquiry in the same year?—Yes, I was.

6562. And in this particular case you have prepared the exhibits which have been put in on behalf of the London County Council?—Yes.

6563. I think it is on these exhibits you wish to speak?—It is on those exhibits, yes.

6564. Would you look first of all at page 4 of the printed bundle. I do not think I need trouble you unduly with this as I do not think much turns on it now, but just very briefly, this table compares the figures provided by the British Transport Commission in B.T.C. 401?

(Mr. Poole): Which table are you talking about?

6565. (Mr. MacLaren): L.C.C. 101—I beg your pardon, Sir; it is on page 6. (To the Witness): Very briefly columns nos. 2, 3, 5, 6 and 8 are drawn from the British Transport Commission's own tables; is that right?—Yes, that is right.

6566. And with regard to the remaining columns, 4, 7 and 9, are they just pure arithmetic?—Arithmetic derived from the other columns.

6567. I do not think I need delay you on that any further. Now would you turn to L.C.C. 102? I think first of all we had better make some corrections in this table, as a result of information provided by the Commission?—Yes, that is so.

6568. I think the first correction is in this second group of fares under the heading of "Road—Early Morning Travel". With regard to the first one: "Woodberry Down/Manor House/Moorgate", is the figure given in column (10) correct?—In column (10), the figure which is shown there as 10d. should have read 9d.

6569. Then in the next line, in column (7), I think you wish to make a correction?—In column (7) the figure which is given as 11d. should have been 9d.

6570. And in the next line—Manor House to Westminster, I think the mileage is wrong?—The mileage which is given here as 6 has been corrected to 7.

6571. That affects column (9)?—It affects column (9) and turns the figure of 1s. 0d. to 1s. 2d.

6572. I think the proposed fare has also to be corrected?—Yes, that changes from 1s. 1d. to 1s. 0½d.

6573. And the proposed fare on the scale?—Yes; that changes from 1s. 2d. to 1s. 4d.

6574. Are there any further corrections?—There are no further corrections as far as I know; there are no others which have been pointed out to me by the Commission.

6575. I think the places named in the first column, column (1), are the names of the housing estates of the London County Council?—Yes.

6576. I think this is similar to a table which was put in on the last occasion, but just brought up to date?—Yes, we have used exactly the same estates, and have put in this time, which we did not last time, some information as to season tickets; but the tables at the last Inquiry to which these tables are similar were L.C.C. 15 and 16 of the 1951 Inquiry.

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6577. If you please. Very briefly I think the effect of the table is that by comparing column (5) with column (10), we get the increase of fare since the war suffered by these particular residents—or proposed to be suffered by these particular residents—in this particular estate going to the named destinations, showing how much their fare is proposed to be increased, and the effect of column (11) is to show how much further the fare could be increased if the limitations suggested in the undertaking were, for any reason, to cease to have effect?—Yes, that is so. The foot-note to the table, column (10) is: "the likely fare made up by adding to the existing fare only the amounts which the Commission state it proposes to add", but column (11) is "the scale fare for which the Commission are seeking authorisation".

(President): Column (9) is the existing scale fare compared with column (8), which is the actual fare which you do in fact pay?

(Mr. MacLaren): Yes, that is right. The difference between columns (8) and (9) shows how far the present fare is held by the limitations now in operation, and the difference between columns (10) and (11) shows that difference.

(Mr. Poole): Column (11) is what it might be after the 1st May?

(Mr. MacLaren): What it might be if the undertaking proposed by Mr. Willis were to end—at the end of the year, for example, or as a result of any one of the events named in the undertaking.

(Mr. Poole): The difference between columns (9) and (11) is that column (9) has a restriction of 32 per cent. involved, and column (11) has no restriction at all?

6578. (Mr. MacLaren): If you please, Sir. (To the Witness): I think we can pass from that—the table speaks for itself. Perhaps we may now pass to the next one, L.C.C. 103. This describes itself as "Estimated Weighted Average Charge per Passenger Mile at Proposed Charges". It gives the weighted averages including the 2d. fare, and then excluding the 2d. fare, first for the London Transport Executive Railways and then for the Central Road Services?—Yes.

6579. Would you tell the Tribunal how the figures there were calculated, and what they represent?—The arithmetic is explained in L.C.C. 1, paragraph (3)—the Explanatory Statement.

6580. That is on page 4, I think?—No, page 5. I do not know if you would like me to read it?

6581. Would you read the passage to which you are referring?—It is paragraph (3)—

(President): Do we really want the whole of paragraph (3) in the Memorandum read?

(Mr. MacLaren): No, Sir, I do not think we do. The only point I wish to call attention to is precisely how this figure of 1.74d., for example, was constructed.

(President): It is in print, is it not? If anybody cannot understand it, or wants to ask questions about it, they can do so.

6582. (Mr. MacLaren): If you please, Sir. (To the Witness): I think the next table, L.C.C. 104, also speaks for itself?—I think so. It is a summary of the gross and discounted yields from proposed increases in fares. It does nothing more than to bring together in one small statement the information which is in the various appendices of B.T.C. 510. It brings them together, and it adds them up and works out the percentage at the bottom.

(President): It works out an aggregate discount instead of the separate discount for the separate changes?

6583. (Mr. MacLaren): Yes. I think that is all we need say on that. (To the Witness): Will you now turn

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to L.C.C. 105? This again is a comparison between passenger journeys for "X" year (prior to increases) and "Y" year (prior to further increases) in the London area, and these figures are, in fact, subject to one matter, figures obtained from the information provided in the British Transport Commission's tables at the last Inquiry and at this one?—From B.T.C. 204 of the last Inquiry, and B.T.C. 502 of this Inquiry.

6584. I think, in order to make the comparison which this table seeks to make, you had to make an adjustment to some of the figures. Can you tell the Tribunal just what that adjustment was? First of all, where does it occur?—It occurs in column (4), which is under the heading "Central Road Services," and in column (6) "Country Buses". In B.T.C. 204—early morning fares—you have a number of journeys shown at a 5d. fare. That fare became 6d., and because it is 6d. it is in the category of an ordinary fare, and not an early morning fare, in the comparable document B.T.C. 502. Therefore all I have done is to move the figure from early morning to ordinary in order that "X" year shall have some comparability with "Y" year. Again that is explained in the L.C.C. statement.

6585. Now would you turn to Day Ten, in which the next L.C.C. tables are set out on page 186, and will you look at Table L.C.C. 106? First of all I think you wish to make a correction to line 25—Leicester (London Road)?—Yes. We have printed the mileage as 28 in column (4), the rate per mile as 0.64d. in column (6), and 3s. 3d. in column (7). Arising from Mr. Roberts' evidence, we find we had the wrong mileage; it should have been, apparently, 24 miles and a figure of 0.77d. instead of 0.64d., and 3s. 2d. in place of 3s. 3d.

6586. The table again speaks for itself, but perhaps I may deal with it very briefly. From where did you obtain the mileage figures for this table?—We took them from Bradshaw's Railway Guide.

6587. The third-class return fare you obtained from the British Railways handbills?—Yes, from the handbills which are mentioned at the top of columns (1), (2) and (3).

6588. Then the cost per mile in column (6) is a pure calculation?—Yes, it is a pure calculation.

6589. Of course, the proposed early morning fares are those shown in the exhibits?—They are shown in B.T.C. 506, column (7).

6590. I do not think I need ask you any more about that table. Turning now to your document L.C.C. 107 on the next page, I think this table speaks for itself. You did prepare it from the various documents which are listed in the headings of the various columns?—Yes. I think the arithmetic is perfectly obvious; it is, of course, based on an estimation that one-third of the yield of the ordinary fares as shown in column 3 is off-peak, but the purpose of the calculation is not so much to arrive at a total in column 8 of 99m. journeys as being a figure that is necessary in order that the yield by reduced fares should equal the yield from the fares not being reduced; it is to set that 99m. against the background of the number of families which would be expected to provide that amount of travel.

6591. (President): I appreciate that in column 5 you are making an assumption; but what do you mean by "off-peak"? What times of the day are you asking us to treat as being off-peak?—I really wish I knew, Sir.

6592. I see; you are leaving someone else to tell us that?—It means just that.

6593. (Mr. MacLaren) (to the Witness): What you have done, I think, is to take the one-third that Mr. Valentine gave as the rough estimate of the off-peak period?—Yes—Day 9, page 151, Question 2226.

(Mr. Harold Willis): Mr. Valentine did not give that figure as a firm figure.

(Mr. MacLaren): No; I am not putting it forward as a firm figure at all.

(President): Very well; disregard my question—we shall hear what you mean by "off-peak", Mr. MacLaren.

6594. (Mr. MacLaren): If you please, Sir. (To the Witness): I am right in saying, am I not, that this table

applies to the London Transport Executive services only?—To ordinary London Transport Executive fares.

6595. And what is the geographical area from which the population is drawn?—That is the Greater London Area shown in the Census. It is not the same area, but there are no figures shown for the London Transport area, which is a bigger area than the area for Census purposes.

6596. Am I right in saying that the area for Census purposes is the same as the Metropolitan Police Area—

(President): The definition is on page 9 of the Volume, Mr. MacLaren. Are you really worried about that?

6597. (Mr. MacLaren): No, Sir, I am not worried about it; we can refer to the actual definition. I find it set out in paragraph 7 of page XVII (To the Witness): At any rate, it is smaller than the London Transport area?—I think it is the Metropolitan Police Area. There might be some small boundary variation, but I do not think there is.

(President): What is said is that it coincides substantially with the City and Metropolitan Police Areas.

6598. (Mr. MacLaren): If you please, Sir. (To the Witness): You have now prepared a new Table, L.C.C. 108, have you not?—Yes.

6599. That has already been handed in. This table states itself to apply to the Railway Executive urban traffic receipts; on the left-hand side of the table there is an estimate of the urban traffic outside London for the year 1952, and on the right-hand side we have London Lines for "Y" year?—That is so.

6600. I think in column 1 on the left-hand side you have given the sources from which the information there provided is drawn?—Yes; column 1 has the references which cover the description—references to the transcript and correspondence.

6601. If we can deal with line 1 on the left-hand side, you show ordinary and monthly returns at £1.5m., and then a percentage of 10. Which of those two figures were given to you—the £1.5m. or the 10 per cent.?—The 10 per cent.

6602. You draw that from an answer given by Mr. Valentine on Day 8?—Yes, from the answer given in the reference in column 1.

6603. The £1.5m. is the result of your applying 10 per cent. to the total at the bottom?—Yes. May I put it in this way: As I understood that answer, 10 per cent. of the total travel, ordinary fare items 2, 3, 4 and 5, have been given to us, and I have assumed that they represent the travel excluding the ordinary fare. Therefore, their 90 per cent.—I worked back from that—should give £1.5m.

6604. With reference to the ordinary cheap day returns, the figure of £3.5m. was kindly provided by Mr. Roberts in a letter, I think?—Yes; it is in a letter which we have from the British Transport Commission, which is dated 10th April, 1953.

6605. The figure for experimental cheap day returns was given by Mr. Roberts in evidence?—Yes—Question 4923.

6606. The figure for early morning returns is the actual figure shown in B.T.C. 601, line 14?—That is so.

6607. So that includes all the early morning fares outside the London Transport area, does it not?—Yes.

6608. Whether or not the users of that ticket are urban travellers or London travellers?—Yes. For early morning returns I have taken the actual figure and for this purpose assumed that they were all outside—all urban travel and not outside London, not feeding into London.

6609. Then we come to item 5, the season ticket receipts. You have taken 25 per cent. of the total for the Railway Executive; you have taken the total of the Railway Executive from the Transport Statistics, I believe?—Yes.

6610. You have applied the quarter to that, because we were told that 75 per cent. of the season ticket travel was in or out of London?—Was either entirely in London or fed into London.

6611. And in that way you sought to give the broad picture of the shape of urban travel outside London; is

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[Continued]

that right?—Yes, and no more than a broad picture of the shape.

6612. The percentages in column 4, apart from the first one, 10 per cent., are calculations, are they not?—Yes.

6613. On the other side you have just drawn the figures direct from the British Transport Commission table named in column 5; is that right?—Yes. It is really all from B.T.C. 502, except that so far as ordinary fares are concerned, I have shown them divided as between the London, Tilbury and Southend Line and the others on B.T.C. 510. The total is the same as on B.T.C. 502; I have not carried those percentages to the places of decimals shown in the Executive's documents.

6614. Just to take the broad comparison, if I may for a moment, on the left-hand side of the table the fares affected by the present proposals are shown, are they not, in lines 4 and 5 only?—Yes—the early morning return fares and the season tickets.

6615. And of the comparative lines, items 1 to 4 on the other side are all affected except the ordinary fare on the London Lines other than Southend and Tilbury; is that right?—Yes, because that is the line where the charge is 1.75d., which will be altered.

Cross-examined by MR. HAROLD WILLIS.

6618. Would you first look at your Table L.C.C. 102. You have made a selection, as I understand it, of certain housing estates showing the categories of rail, road and monthly seasons, showing by reference to those categories the various fare increases?—Yes. The selection was not made for the purposes of this Inquiry; I have used the same ones as at the last Inquiry.

6619. I see. The middle category is headed "Road"; is that in fact trolley-buses? In column 5, where we are dealing with the 1950 position, those were trams and trolley-buses, were they not?—Yes, but they are not now all trolley-buses.

6620. No, but that was the position in 1950?—Yes.

6621. Had you, for instance, taken an area where in 1950 the people were served by omnibuses, we should find, should we not, that after 1950 there was a reduction because of the introduction of the early morning fare on the bus—because before 1950 the early morning travel on buses was at ordinary fares?—Yes, indeed.

6622. Now would you mind turning over to L.C.C. 103; that is headed: "Ordinary Fares: Estimated Weighted Average Charge per Passenger Mile at Proposed Charges". That, in fact, excludes all sub-standards, does it not?—Yes, it does.

6623. Would you allow me to put to you the figures which would apply there if the sub-standards were in. The figures would be as follows: Instead of 1.74d. you would have a figure of 1.65d.; instead of 1.70d. you would have a figure of 1.62d.; instead of 1.87d. you would have a figure of 1.5d., and instead of 1.73d. you would have a figure of 1.41d. I rather alters the picture if one takes the sub-standards into account, does it not?—Yes, but I have no way of doing that. On the other hand, for what it is worth, of course, these figures assume that the passenger travels the full chargeable distance, which is to some extent a counter to—

6624. That is an entirely different point; that applies to any comparison, does it not?—Yes, it does apply, but it is not there.

6625. I think that is all I want to ask you on your original exhibits. I do not think I have any questions on L.C.C. 107, but I have one or two on L.C.C. 108, which you have just put in. The left-hand section of this document is headed: "Estimate of urban traffic outside London, 1952"?—Yes.

6626. What do you mean by "Urban traffic outside London"?—I mean traffic centring on the other urban centres.

6627. For instance, take your line 2, "Ordinary cheap day returns"; as I understand it, the information we gave you was that that covered all ordinary cheap day returns, but you have assumed that it centres on some urban centre.

6616. There is one other broad point which emerges; it is that the travel in lines 2 and 3 on the left-hand side of the picture is travel at a smaller cost per mile than that prevailing in London?—Yes. The ordinary cheap day return is not available in London; neither are the experimental cheap day returns.

(President): You mean a lower fare per mile?

6617. (Mr. MacLaren): If you please, Sir. (To the Witness): I think you go on below the table to give certain further information which has been provided by the British Transport Commission, showing the growth of revenue from first the full cheap day return fares and then from experimental cheap day return fares?—Yes. The references are given on the left-hand side and the information can be found in the B.T.C. Statement or in this letter which I have here. Whether that letter ought to go on the Record or not in support of this document, I do not know.

(Mr. MacLaren): I do not know whether you wish to see a copy of the letter, Sir?

(President): Not unless there is any question of its terms being useful in cross-examination.

(Mr. MacLaren): That is exactly what we were told.

(President): Then we shall have to look at the enquiry and the answer.

(Mr. Harold Willis): Can I just pass from that for a moment, Sir; I am not sure that I have the full letter in front of me at the moment.

(President): Very well.

6628. (Mr. Harold Willis) (To the Witness): Then will you take the season tickets; that is the last line, line 5. You say: "Season tickets (25 per cent. of total R.E.)".—Yes.

6629. What was said was this, as I understand it, that 75 per cent. of season tickets centred on London?—Yes.

6630. You have assumed, therefore, that the remaining 25 per cent. are season tickets of an urban character?—Yes, I have done that.

6631. Which may or may not be so?—It may or may not be right.

6632. If someone has a season ticket from Birmingham to Glasgow it would be included in there?—They are all in there.

6633. Perhaps I had better read the letter; it is not very long, and I will read it just for the purposes of getting it on the Record. It is dated 10th April, 1953, and it relates to line 2: "I refer to your letter of the 9th April, a copy of which I have placed before my clients, asking them to let me have the appropriate information as soon as possible. I have this morning received certain information from Mr. J. E. M. Roberts, of the Railway Executive, and this information appears to supply the answer to your question 7"—and perhaps I ought in a moment to give the question—"I am instructed that the figures of receipts for Ordinary Cheap Day fares outside London are as follows: 1951, £3.4m.; 1952, £3.5m. It should be noted that they are not comparable with the figures given for the years 1949 and 1950 in paragraph 16 of B.T.C. 2, these being in respect of the whole of the Railway Executive system. Approximately £2.5m. per annum of these figures is attributable to Cheap Day fares within the London Area before the introduction of the Day Return fares authorised in the London Area Passenger Charges Scheme of 1950". Just to complete the matter, question 7, which we were answering, was this: It is headed: "With reference to Cheap Day and Excursion fares on R.E.", and the question is: "What were the figures of receipts for 1952, Ordinary Cheap Day fares as referred to in Questions 4928 and 4929, 15th Day, page 2167?" If one looks at those questions, there does not appear to be any limitation on the geographical location of that travel?—No, but—

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[Continued]

6634. It is expressed generally as being Cheap Day Returns outside London.

6635. *(President) (To the Witness)*: Why have you taken it as being urban traffic?—Because these Cheap Day Returns and Experimental Cheap Day Returns are centred upon urban centres; they take people into them or take them out of them.

6636. It depends upon what you mean by "urban centres".—133 centres are mentioned.

(President): I am sorry to break into your cross-examination, Mr. Willis, but we shall have to adjourn now. Mr. Cornell will probably be here to-morrow for a short time, and in any case I shall be wanting to ask him one or two further questions.

(Mr. Harold Willis): If you please, Sir. Would you permit my learned friend Mr. Fay to complete any further questions? I shall not be able to be here myself.

(President): Very well.

(The Witness withdrew.)

(Adjourned until tomorrow morning at 10.30 o'clock.)

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[Continued]

L.C.C. 108

RAILWAY EXECUTIVE URBAN TRAFFIC RECEIPTS

ESTIMATE OF URBAN TRAFFIC OUTSIDE LONDON, 1952

Reference	Category	Amount	Per- cent- age
(1)	(2)	(3) £m.	(4)
1. Day 8, Page 146, Question 2216	Ordinaries and Monthly Returns	1.5 (a)	10
2. Letter from B.T.C. (10.4.53)	Ordinary Cheap Day Re- turns	3.5	23 (a)
3. Day 15, Page 296, Question 4293	Experimental Cheap Day Returns	3.5	23 (a)
4. B.T.C. 601, line 14	Early Morning Returns...	3.5	23 (a)
5. Day 14, Page 291, Question 4858	Season Tickets (25 per cent. of Total R.E.) ...	3.2 (b)	21 (a)
6.	TOTAL	15.2m.	100

LONDON LINES "Y" YEAR

Reference	Category	Amount	Per- cent- age
(5)	(6)	(7) £m.	(8)
B.T.C. 510A, Item 1	Ordinary Fares (excluding L.T.S. line)	2.685	13
B.T.C. 502, Item 2	Ordinary Fares (L.T.S. line) Day Return, etc.	1.300 5.708	6 28
B.T.C. 502, Item 3	Early Morning Returns ...	3.706	18
B.T.C. 502, Item 4	Season Ticket	7.608	37
B.T.C. 502, Item 5	Other Descriptions592	3
B.T.C. 502, Item 6	Clearance within London Area	1.050	-5
B.T.C. 502, Item 8	TOTAL	20.549 m.	100

(a) These figures are calculated from the information given.

(b) Total Season Ticket Receipts for R.E. obtained from Transport Statistics, 1952, series Nos. 1-13 inclusive (Table A.2).

R.E. RECEIPTS FROM DAY RETURN FARES (OUTSIDE LONDON)

			£ million
1951	B.T.C. Statement 2, para. 16	Year 1949	£million 4.5 to £million 5.0 less in London Area—£million 2.5 (letter from B.T.C. 10.4.53) = 2 to 2.5
1951	B.T.C. Statement 2, para. 16	Year 1950	£million 4.5 to £million 5.0 less in London Area—£million 2.5 (letter from B.T.C. 10.4.53) = 2 to 2.5
—	Letter from B.T.C. 10.4.53	Year 1951 = 3.4
		Year 1952	3.5

R.E. RECEIPTS FROM EXPERIMENTAL DAY RETURN FARES (OUTSIDE LONDON)

1951	Day 5, Page 84, Col. 2	In April 1949 experimental short distance day returns began; receipts in first year	2.0+
—	Day 15, Page 296, Question 4923	In April 1949 experimental short distance day returns began; receipts in second year	2.75
	Day 15, Page 296, Question 4923	Year 1951	3.0
		Year 1952	3.5

